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# ***Daily Report***

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## **China**

**FBIS-CHI-94-143  
Tuesday  
26 July 1994**

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# Daily Report

## China

FBIS-CHI-94-143

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26 July 1994

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## General

### **Qian Qichen Explains China's Military Buildup**

OW2607102694 Beijing XINHUA in English 1006  
GMT 26 Jul 94

[Text] Bangkok, July 26 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen has said that he is not in favor of setting up a special mechanism for Sino-ASEAN consultations on security issues.

He told reporters at a press conference Monday [25 July] evening that security matters can be discussed at the ASEAN Regional Forum.

Qian, who was here to attend the 27th ASEAN ministerial meeting and the first meeting of the ASEAN Regional Forum, said that during the past four years Sino-ASEAN dialogue has been going on, during which issues such as economic cooperation, trade, scientific and technological cooperation and security have been discussed.

He also said that China and ASEAN had also cooperated in the Cambodia problem in the past.

Referring to the future of the Asia-Pacific region until the end of the century, Qian said this region has had a growth rate higher than anywhere else and, with a vast market and a relatively stable political situation, conditions for further development are favorable.

He believed that by the end of the century, the Asia-Pacific region will become a most important one in the world.

In the meantime, China's imports would also grow considerably from now till the turn of the century. The vast market of China is very attractive and will make contribution to the world economy, Qian said.

About the South China Sea, Qian said China's position is that those disputes should be settled through peaceful talks and that if conditions are not yet ripe for talks, the disputes could be shelved for the time being and engage in joint exploitation.

China's position has been echoed in the 1992 ASEAN declaration, he said.

A reporter said some of China's neighbors are concerned about China's military build-up.

To this, Qian said the increase in China's budget for the military this year is for offsetting the inflation factor. The increase does not mean an increase in military spending in real terms, he said.

About development of the upper reaches of the Mekong River, Qian said experts have met in Kunming and Bangkok and have recommended some development ideas. Development of the river will benefit all four countries along it.

Qian left for home this morning.

### **Qian Qichen Addresses ASEAN Regional Forum**

OW2507212894 Beijing XINHUA Domestic Service in  
Chinese 1449 GMT 25 Jul 94

[By reporters Li Guotian (2621 0948 3944) and Yu Zuncheng (0060 1415 2052)]

[Text] Bangkok, 25 Jul (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister, delivered an important speech at the first meeting of the ASEAN Regional Forum held here this afternoon. He expounded on China's policy toward the Asia-Pacific security issue and proposed principles and measures concerning Asia-Pacific security cooperation.

Qian Qichen said: "The representatives of 17 Asia-Pacific nations and the European Union are gathered here to discuss major political and security issues. Such a meeting is the first ever held in this region. The establishment of the forum reflects the common concern of Asia-Pacific nations over the security issue and their aspiration for stepping up dialogues."

On the Asia-Pacific situation, Foreign Minister Qian said: At present, the general state of the Asia-Pacific region is relatively stable. The import-export trade volume and the GDP of the region have either approached or surpassed one-half of the world's total, and they are maintaining a trend of increasing. Economic factors now play a more important role in relations between countries. To maintain stability, develop the economy, and enhance the overall national strength have become the task of prime importance for the governments and peoples of all the countries in this region.

He said: "In this region, some territorial and border issues left over from the past remain to be resolved, and the existing unevenness in economic development is also a destabilizing factor. It is against such a background and it is because we treasure the good environment and the opportunity for historic development in this region that we unanimously approve of the establishment of the ASEAN Regional Forum so as to jointly explore effective ways to eliminate any destabilizing factors and strengthen and enhance peace and stability in this region."

Qian Qichen pointed out: China hopes that the forum will be a place of dialogue for Asia-Pacific nations to expand the common understanding of political and security issues and to promote trust, and that it will further improve the security posture and help economic development even more. Asia-Pacific countries differ greatly from each other in terms of their historical traditions, cultural origin, political system, religious belief, values, and level of development. Thus, they hold different views on the security situation and security cooperation. "While discussing the orientation of the ASEAN Regional Forum, we should fully consider the aforementioned historical and current characteristics of the region and hold dialogues to seek common ground;



reserve differences, and promote mutual understanding. Only when the development of the forum is based on common interests and common needs can we ensure its healthy development."

As for how China handles its relations with neighboring countries, Qian Qichen said: In dealing with specific issues in bilateral relations, China and some of its neighbors have adopted a series of trust-building measures, and these have played a positive role in improving China's relations with the relevant countries and in stabilizing the overall security environment in the Asia-Pacific region. Of course, trust-building measures and preventive diplomacy cannot resolve the internal contradictions and problems of a country. In addition, China holds that it is still necessary to seriously explore the most effective measures and ways of cooperation in the current state of the Asia-Pacific region. China stands for a step-by-step and orderly way of exploring realistic ways of cooperation.

Based on China's views on the Asia-Pacific security issue, Qian Qichen proposed the following principles and measures for Asia-Pacific security cooperation:

1. A new type of state-to-state relations characterized by mutual respect and amicable coexistence should be established on the basis of the UN Charter and the Five Principles of Peaceful Coexistence;
2. Economic ties on the basis of equality and mutual benefit and mutual assistance should be established with a view to promoting common economic development;
3. Consultations on an equal footing and peaceful settlements should serve as norms in handling disputes between countries in the Asia-Pacific region so as to gradually remove the destabilizing factors in the region;
4. With the purpose of promoting peace and security in the region, the principle that weapons should only be used for defensive purposes should be adhered to, and an arms race of any kind should be averted. There should be no nuclear proliferation. Nuclear states should undertake not to be the first to use nuclear weapons and not to use or threaten to use them against nonnuclear states or nuclear-free zones. Proposals on establishing nuclear-free zones and zones of peace should be supported; and
5. Bilateral and multilateral security dialogues and consultations in various forms should be promoted in order to enhance understanding and trust.

Foreign Minister Qian reiterated China's foreign policy in his speech. He said: "In pursuing an independent foreign policy of peace, China does not engage in aggression and expansion, or seek hegemony. This has been written into China's Constitution and has become China's unswerving basic national policy. China's limited national defensive power is entirely for defensive purposes, and its military spending accounts for a very small proportion of its national budget." He said: "With regard to security in the Asia-Pacific region, we are

pursuing three basic objectives: first, our own stability and prosperity; second, a lasting, peaceful, and tranquil situation in the surrounding region; and third, dialogue and cooperation on the basis of mutual respect and equality." In conclusion, Foreign Minister Qian pointed out that the future of the Asia-Pacific region will be decided by whether or not peace can be maintained and development can be promoted in the region, and that this will be a protracted, complex, and arduous mission. He said that China is willing to join other member states in working hard together and making positive contributions to accomplishing this important mission.

#### **Qian Qichen, Japan's Kono on Ties, Korean Peninsula**

*OW2507111994 Beijing XINHUA Domestic Service in Chinese 0852 GMT 25 Jul 94*

[By reporters Bai Zhenyi (4101 2182 5030) and Li Guotian (2621 0948 3944)]

[Text] Bangkok, 25 Jul (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister, met here today with Yohei Kono, Japanese deputy prime minister and foreign minister. The two sides exchanged views on bilateral relations and the situation on the Korean peninsula.

Qian Qichen first expressed his great pleasure at the opportunity to meet with Kono after he was appointed deputy prime minister and foreign minister. He said that Kono had done plenty of useful work in developing friendly relations between China and Japan over a lengthy period. He expressed the hope that Kono would continue making contributions in this respect.

Kono said that he had always paid close attention to Japanese-Chinese friendly relations. A very good foundation has been laid for Japanese-Chinese relations. In recent years, personnel exchanges have increased constantly and economic cooperation has expanded; the trend of development has been very good. The Japanese side will work hard to build future-oriented cooperative relations between the two countries. The two countries should contribute to safeguarding peace and stability in the region and in the rest of the world. He indicated that the Japanese Government would continue to adhere to the policy of Japanese-Chinese friendship.

For his part, Qian Qichen said: The Chinese Government attaches importance to friendly relations and cooperation with Japan. As China, Japan, and the world at large are now in an important historical period of development and change, the further development of friendly relations and cooperation between the two countries will not only be beneficial to China and Japan but will also be of great significance to peace and stability in the Asia-Pacific region and in the world at large.

On the issue of the Korean peninsula, Kono expressed the hope that all the parties concerned would create

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conditions for keeping the dialogue going, and that the issue of the Korean peninsula would be solved through consultations. Qian Qichen expressed his appreciation of this. He said: Realizing the denuclearization of the Korean peninsula and safeguarding peace and stability on the peninsula conforms to the fundamental interests of countries in Northeast Asia.

Both Qian Qichen and Kono are here to attend activities pertaining to the 27th ASEAN foreign ministerial meeting.

#### **Russia Interested in Closer Ties with ASEAN**

OW2407042194 Beijing XINHUA in English 0335  
GMT 24 Jul 94

[Text] Bangkok, July 24 (XINHUA)—Russia and ASEAN foreign ministers explored ways to further enhance their relations, particularly in trade and investment, according to a press release made available here this morning.

Russian Foreign Minister Andrey Kozyrev held a consultative meeting with Roberto R. Romulo, secretary of foreign affairs of the Philippines and the delegations of all ASEAN member countries on Saturday [23 July].

The Russian side indicated their priority areas of cooperation, such as energy, air and sea transport, tourism and cultural cooperation.

The two sides shared common views that there was much room to enhance the cooperation in trade and business area.

The ASEAN side urged Russia to keep ASEAN business people informed of the changing rules and regulations on trade and investment and business opportunities in Russia.

The two sides also exchanged views on regional and security matters in Southeast Asia and in Europe.

#### **Cambodia Officially Requests ASEAN Membership**

OW2407042694 Beijing XINHUA in English 0342  
GMT 24 Jul 94

[Text] Bangkok, July 24 (XINHUA)—Cambodia has officially expressed its intention to join the Association of Southeast Asian Nations (ASEAN) as soon as possible.

Cambodian Foreign Minister Prince Norodom Sirivut made the statement Saturday [23 July] during a 90-minute meeting with Thai Foreign Minister Prasong Sunsiri and senior officials of the other ASEAN countries.

Prince Sirivut told reporters after the meeting. "We expressed our intention to join ASEAN as soon as possible. Cambodia is ready to sign the Treaty of Bali."

The Treaty of Bali, also called the Treaty of Amity and Cooperation of Southeast Asia, was signed at the Bali summit in 1976. It binds signatories to the principles of peaceful coexistence, peaceful settlement of disputes, mutual respect and non-interference.

An informed source at the meeting said Prince Sirivut asked for observer status, which was supported by Prasong who, however, pointed out that it was necessary for Cambodia to undergo certain technical procedures in applying.

The Cambodian foreign minister is here to attend the 27th ASEAN ministerial meeting as special guest of the host country, Thailand.

#### **ASEAN-Lao Consultative Meeting Held in Bangkok**

OW2407061294 Beijing XINHUA in English 0511  
GMT 24 Jul 94

[Text] Bangkok, July 24 (XINHUA)—Indonesian Foreign Minister Ali Alatas said it is his hope that Laos would soon become a member of the ASEAN family of nations.

He made the remarks at a consultative meeting between ASEAN and the Lao People's Democratic Republic on Saturday [23 July]. ASEAN was represented by Alatas who chaired the meeting.

Opening the talks, Alatas welcomed the growing cooperation between ASEAN and Laos. He also welcomed the continuing economic and political reform process in Laos.

Laotian Foreign Minister Somsavat Lengsavat announced in his opening remarks that the political and economic renovation process was now in its eighth year and that this initial period has witnessed important success.

Laos attended ASEAN's 26th ministerial meeting last year in Singapore for the first time as an observer after acceding to the treaty of amity and cooperation in 1992.

#### **Papua New Guinea Holds Consultations With ASEAN**

OW2407061794 Beijing XINHUA in English 0519  
GMT 24 Jul 94

[Text] Bangkok, July 24 (XINHUA)—Minister of Foreign Affairs and Trade of Papua New Guinea (PNG) Julius Chan strongly urged ASEAN to play a greater role in expanding trade and investment relationship in his country, according to a press release available here today.

During a consultative meeting between ASEAN and PNG held Saturday [23 July], Julius Chan, who is also a deputy prime minister of Papua New Guinea, proposed to make PNG a gateway to the south Pacific region.

PNG is an observer country of ASEAN.

The foreign minister also suggested that ASEAN explore PNG's natural resources and potentiality in providing ASEAN with raw materials, which ASEAN agreed in principle.

Attending the meeting was Abdullah Ahmad Badawi, foreign minister of Malaysia, who was joined by delegations of other ASEAN member countries.

During an earlier meeting on Saturday with Thai Foreign Minister Prasong Sunsiri, the PNG minister and his Thai counterpart agreed to expand their trade and investment relationship.

Prasong assured PNG of Thailand's continuing assistance in the field of providing annual training and educational scholarship.

The PNG minister extended an invitation to Prasong to visit his country.

#### **XINHUA Reports on ASEAN Foreign Ministers Conference**

*OW2207175694 Beijing XINHUA in English 1733 GMT 22 Jul 94*

[Text] Bangkok, July 22 (XINHUA)—The ASEAN foreign ministers met in closed session for about three hours this afternoon.

They considered and adopted several reports of specialized ASEAN committees including the annual report of the ASEAN Standing Committee for 1993-1994, and the report of the ASEAN senior officials meeting which was convened from July 18-20 here in Bangkok.

The ASEAN foreign ministers also had extensive discussions on ASEAN membership, the ASEAN regional forum, the post ministerial conferences, the East Asia Economic Caucus, the upcoming APEC [Asia-Pacific Economic Cooperation] ministerial and leaders meeting later this year in Indonesia, relations with dialogue and non-dialogue partners and preparations for the fifth ASEAN summit.

The foreign ministers also agreed to sign the agreement establishing the ASEAN fund Saturday [23 July].

The meeting will resume in closed session Saturday morning.

#### **Article Previews ASEAN Regional Forum**

*OW2307192294 Beijing XINHUA Domestic Service in Chinese 0410 GMT 23 Jul 94*

[Article by XINHUA reporter Feng Xiuju (7458 4423 5468): "The Grand Meeting of the Asia-Pacific Region—Written Before the Opening of the ASEAN Regional Forum Meeting"]

[Text] Beijing, 23 Jul (XINHUA)—The ASEAN regional forum [ARF] will hold its first meeting, which is the

focus of worldwide attention, in Bangkok, the capital of Thailand, on 25 July. The grand meeting, which will discuss Asia-Pacific security issues, is a matter of great concern to all parties because it will be the highest-level meeting of its kind to be attended by the most countries.

Qian Qichen, Chinese vice premier and foreign minister, will attend the meeting as an ASEAN guest after the 27th ASEAN foreign ministerial meeting. The six ASEAN member states, the United States, Japan, Canada, Australia, New Zealand, the ROK, the EC, Vietnam, Laos, Papua New Guinea, and Russia will also send delegates to the ARF meeting.

According to local sources, the foreign ministers, by using the medium of a forum, will gather in a relaxed atmosphere to discuss regional security issues that are closely tied to the fate of Asia-Pacific countries, including security in Northeast and Southeast Asia and how to safeguard long-term peace and stability in the Asia-Pacific region. This will surely play a very important role in enhancing mutual understanding and trust and in seeking cooperation between the countries concerned on Asia-Pacific security issues.

The ARF was formed last year, during the 26th ASEAN foreign ministerial meeting in Singapore, at an informal dinner with the unanimous consent of the 18 participating countries in accordance with an ASEAN proposal. This fully demonstrates that ASEAN, which is a six-member economic cooperation organization, is undergoing functional changes and is playing a greater role in a wider range of areas.

If the informal Asia-Pacific Economic Cooperation leadership meeting to be held in Jakarta in November is considered a matter of primary importance for Asian countries in 1994, the ARF meeting will be yet another important matter to those countries.

It is widely understood that security issues in the Asia-Pacific region have become a topic of discussion as a result of changes on the international scene and concern in various countries following the end of the Cold War. By and large, the situation in the world and in the Asia-Pacific region is moving in a favorable direction. What is particularly heartening is that the Asia-Pacific region is the most economically dynamic part of the world. A favorable situation, in which political stability guarantees economic development, which, in turn, promotes the former, has initially taken shape in many countries in the region. This is a reliable basis for stability in the Asia-Pacific region. Nevertheless, there still exist some problems, such as territorial issues, border issues, and uneven economic development. Quite a few countries have recently shown concern over the nuclear issue on the Korean peninsula. All these issues, if not properly dealt with, will become destabilizing factors. Asia-Pacific countries are now faced with the important task of seizing the current opportune moment to further improve the regional security environment.

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In recent years, Asia-Pacific countries have frequently held dialogues and seminars of every description—nongovernmental, official, bilateral, and multilateral—on regional security issues. The first and second North-east Asia dialogues—held in the United States and Japan in October 1993 and May 1994, respectively—and the seminar on security issues in the Asia-Pacific region held in Beijing in May 1994 under the auspices of the China Research Center for International Issues and other units were good examples.

The Chinese Government, which is very concerned about security issues in the Asia-Pacific region, has made active efforts to promote regional peace and development through its active involvement in dialogue on security issues in the Asia-Pacific region, and through its enunciation on various occasions of its independent foreign policy of peace as well as China's views and suggestions on regional security issues.

According to relevant sources, Foreign Minister Qian will elaborate during the ARF meeting on China's views on the current security situation in the Asia-Pacific region and its principled stand on regional security issues. He will also have a wide-ranging exchange of views with the foreign ministers of other countries on these issues. China sincerely hopes that the meeting will be a complete success, and that the countries concerned will reach a consensus on Asia-Pacific security issues and create an even better environment for regional peace, stability, and development.

#### **Beijing Attends ASEAN Forum in Bangkok**

OW 2507142194 Beijing XINHUA in English 1320  
GMT 25 Jul 94

[Text] Bangkok, July 25 (XINHUA)—The first meeting of the historic ASEAN regional forum on security was held here this afternoon in an informal and light atmosphere.

The forum drew foreign ministers or vice foreign ministers of 17 Asia-Pacific nations and some from the European Union.

Participating ministers in the forum exchanged views on security matters, including challenges and opportunities in the Asia-Pacific region and the possible development of confidence-building measures in the context of preventive diplomacy.

A participant in the three-hour meeting told XINHUA that the atmosphere was "fine."

The meeting was held in what ASEAN officials called "a sitting-room atmosphere," and the participants were speaking though in a family.

ASEAN officials proposed that speakers refrain from raising issues that could be contentious or lead to confrontation.

In order that participants could talk freely and be under no pressure, each country was allowed to send only two representatives to the meeting and reporters were not allowed in the meeting hall.

The result of the meeting will be made known to reporters this evening when the chairman of the forum, Prasong Sunsiri, who is foreign minister of Thailand, makes a chairman's statement.

The statement is expected to contain some basic principles and guiding lines in handling conflicts or preventing conflicts.

The fact that some of these foreign ministers had gathered under one roof to talk about security matters is in itself a historic event.

Participating in the meeting were representatives from the six ASEAN nations (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand), ASEAN's seven dialogue partners (Australia, New Zealand, Canada, the U.S., Japan, the Republic of Korea and the European Union), two consultative dialogue partners (China and Russia) and three observer nations (Vietnam, Laos and Papua New Guinea).

#### **ASEAN Post Ministerial Conferences Open**

OW 2607081294 Beijing XINHUA in English 0801  
GMT 26 Jul 94

[Text] Bangkok, July 26 (XINHUA)—ASEAN's post ministerial conferences began here today at the Shangri-la Hotel.

Inaugurating the open session of the conferences, Thai Foreign Minister Prasong Sunsiri, who chaired the meetings, said "now that ASEAN's relations with its dialogue partners have become more mature, it may be timely to redefine the dialogue relationship to reflect our mutual concerns and interests."

"It should give due attention to cooperative projects which promote human and social issues by according high priority to poverty reduction, productive employment and environmental regeneration," Prasong added.

Following Prasong's speech, foreign ministers of ASEAN's seven dialogue partners also made statements.

ASEAN's seven dialogue partners are Australia, Canada, the European Union, Japan, the Republic of Korea, New Zealand and the United States.

#### **Asia Pacific Ministers Conference Opens in Colombo**

OW 2607110794 Beijing XINHUA in English 1034  
GMT 26 Jul 94

[Text] Colombo, July 26 (XINHUA)—The Third Asia Pacific Cooperative Ministers Conference opened here today, calling for enhancing relations between the governments and cooperatives.



Ministers of cooperatives from 25 countries and about 150 delegates from ten international organizations are participating in the five-day conference.

A four-member Chinese delegation led by Ma Lisheng, vice minister of China's Domestic Trade Ministry, is participating in the conference.

In his opening speech, Sri Lankan President Wijetunga said "in many countries today, cooperatives are an instrument and an agency for attaining rapid social and economic development and many governments of the region have considered the cooperative movement as a very significant and vital sector in improving the quality of life of the people."

He said "cooperatives in the region need to enhance their competitive strength by improving their professional skills while entering into diversified fields of activity."

"The cooperative movement is not merely an economic organization. It has a greater responsibility to uphold social values as well as cooperative principles," he noted.

President of International Cooperative Alliance Lars Marcus also spoke at the opening ceremony. He said the Colombo conference will discuss ways and means to improve the relations between the governments and cooperatives in the region.

#### **ROK, Japan Relations To Remain Unchanged**

OW2307132694 Beijing XINHUA in English 1256 GMT 23 Jul 94

[Text] Seoul, July 23 (XINHUA)—Seoul-Tokyo relations will remain unchanged, despite the emergence for the first time in four decades of a socialist prime minister in Japan.

South Korean President Kim Yong-sam and visiting Japanese Prime Minister Tomiichi Murayama confirmed this at a joint press conference after talks today, the first summit between the two countries since the new Japanese Government headed by Murayama came to power in early July.

Murayama arrived here this afternoon for a two-day official visit.

"I have told the president unequivocally that the development of friendly, cooperative ties with the Republic of Korea, with whom we share common values of freedom, democracy and a market economy, is one of the most important pillars to Japan's foreign policy, for my cabinet as well," Murayama told the press.

President Kim said, "We made clear during the talks today that the diplomatic policy of the two countries will not differ in the slightest from the past."

Asked about Japanese compensation for Korean "comfort women" who were mobilized as sex slaves for the Japanese Army during World War II, the Japanese prime minister first apologized.

"Next year is the 50th anniversary of the end of World War II. I believe that the Japanese people must remind themselves once again of the unbearable pain and sorrow inflicted on the Korean people by Japanese colonial rule," Murayama said.

"We are studying how to express a sincere apology and regrets," he added.

Japan ruled Korea as a colony from 1910 until Japan's defeat in World War II in 1945.

Referring to Japan's relations with the Democratic People's Republic of Korea (DPRK), Murayama said Tokyo will resume talks on the normalization of diplomatic relations with the DPRK that were suspended for over a year because of North Korea's nuclear issue, after close consultations with South Korea and the United States.

The two leaders stressed the importance of transparency in the DPRK's past nuclear record as well as its present and future activities if a final solution of the nuclear standoff on the peninsula is to be found.

Regarding assistance for the DPRK's plan to replace its graphite-moderated nuclear reactor with a plutonium-free light-water model, Murayama said, "We need to watch how the North Korea (DPRK)-U.S. negotiations progress."

At the third round of high-level talks between the U.S. and the DPRK next month the U.S. is expected to offer a concrete plan for replacing the nuclear reactor, as demanded by the DPRK, in exchange for the DPRK's freezing of its nuclear program.

Murayama postponed his original visit to meet President Kim ahead of the first inter-Korean summit set for July 25-27, as a result of the sudden death of DPRK President Kim Il-sung on July 8.

#### **Black Sea Countries To Hold Naval Exercise With U.S.**

OW2507122394 Beijing XINHUA in English 1001 GMT 25 Jul 94

[Text] Sofia, July 24 (XINHUA)—The littoral countries of the Black Sea will hold a joint naval exercise with the 6th Fleet of the United States on July 26-27, the local media reported today.

Warships from Greece, Russia, Ukraine, Turkey, Romania, Bulgaria plus the U.S. 6th Fleet will take part in the exercise code-named "Breeze-94," the Bulgarian TELEGRAPH AGENCY said, adding that foreign troops to participate in the exercise will total 1,300.

Military observers from Georgia, Italy and the North Atlantic Treaty Organization (NATO) will be invited to attend the exercise.

The exercise, to be held within the framework of "Partnership for Peace," a NATO program to make its former east bloc foes partners, will train the troops in providing

protection to fleets carrying out humanitarian missions and in rescue missions on the sea, the Bulgarian television said.

#### **Article Views U.S.-Russian Relations in Light of Estonia**

*HK2507152594 Beijing RENMIN RIBAO in Chinese  
20 Jul 94 p 6*

[“International Forum” column article by Gu Ping (0657 1627): “U.S.-Russian Relations Turn Frosty After a Brief Spell of Coziness”]

[Text] A row erupted recently between the United States and Russia over Russia's military withdrawal from Estonia.

On 13 July, the U.S. Congress passed a resolution prodding Russia proceed with the troop withdrawal scheduled for the end of August under the threat of a suspension of aid to Russia. The Russian parliament responded with an accusation against its U.S. counterpart of “interfering in Russian and Estonian internal affairs.” On the part of the U.S. and Russian Governments, President Yeltsin's spokesman criticized the U.S. Congress for passing an “irresponsible” resolution that might “harm” Russian-U.S. relations, while the U.S. State Department insisted that Russia's scheduled military withdrawal from Estonia was a “major test” for U.S.-Russian relations.

The fact is there were signs of a row between the United States and Russia early this month while President Clinton made a visit to Latvia, during which he talked of financing and putting together a “peacekeeping force comprising soldiers from the United States and the three Baltic states” to safeguard the security of the region, as well as pledging full support for the three Baltic states and \$50 million for their economic development. Later at a Group of Seven press conference, Clinton, in the presence of Yeltsin, put words into Yeltsin's mouth by saying that he “believed” Russia would pull the troops out of Estonia as scheduled. Yeltsin did not mince words in his retort, saying the Russian troops would not withdraw from Estonia before there was improvement in human rights for the Russian-speaking people residing there.

The Russian troops have withdrawn from Lithuania and were going to pull out of Latvia next month, but the talks on the troop pullout from Estonia proved tougher than expected when financial compensation by Estonia and social security for Russian ex-servicemen were involved. Besides, there was the broader question of how to handle Russia's relations with former Soviet states. In this dispute over the military withdrawal between the two sovereign states of Russia and Estonia, the United States has come out in full support of one side and exerting pressure on another—something seldom seen in international relations. Even U.S. Assistant Secretary of State

Talbott conceded that the U.S. Congress' threat to suspend aid was not a “good method.”

U.S. Defense Secretary Perry has stated explicitly that the United States is pursuing a “pragmatic” foreign policy toward Russia. It supports Russia's reforms in a suitable manner, and seeks its cooperation on significant international issues, such as the conflict in Bosnia-Herzegovina, but retains its concern over Russia's resumption of power and its resurgence in the CIS and Eastern Europe, and therefore wants to keep Russia in check by posing difficulties for it. As for the Russians, though beset with great economic difficulties, they still see themselves as a political and military power, and they will not be happy at being kept on the leash by anyone nor will they bow easily to the United States over significant geopolitical issues involving their own interests. The row over the military withdrawal from Estonia supplies another instance of the cooperative-competitive nature of U.S.-Russian relations.

Though the two countries have signed a series of documents formally confirming their “peaceful and partner relations,” the adjustment in their fundamental interests will take far more than signing a piece of paper. Sunny periods alternating with cloudy spells, and turning frosty after a brief span of coziness seem to be the normal condition of current and future, U.S.-Russian relations.

#### **Editorial Views Beijing's Position on Entering GATT**

*HK2507093194 Hong Kong WEN WEI PO in Chinese  
22 Jul 94 p A2*

[Editorial: “China Has Adopted Dual Tactics To Rejoin GATT”]

[Text] The United States has publicly reiterated its support for China's restoration of its signatory status to GATT. However, its actions are not in line with its words. On the issue of reentering GATT, it is precisely the United States that has put up all sorts of obstacles against China.

Many GATT signatory states, including the major European countries and Japan, have expressed their acceptance of the three timetables of concessions on tariffs, agricultural products, and trade in services put forward by China. The United States alone persists in creating difficulties so that the issue has been stalled for a long time and no decision can be taken on it. U.S. intentions are very clear: It is using “stalling” tactics to prevent China from reentering GATT this year so that China will not be able to become a founding state of the World Trade Organization, which is to be set up in January next year.

The United States will probably not allow China to join the world trade body even after its founding, because the United States has a voracious appetite and is asking for a very expensive admission fee, as if China were an

advanced industrial country like Japan and the European countries. For instance, the United States insists that after its inception as a GATT member, China should immediately eliminate its local content requirements for foreign-invested enterprises, should abolish all non-tariff measures (such as import examinations, licenses, quota examinations and approvals), and should open banking institutions, the aviation industry, and agricultural produce markets to foreign countries. The United States cannot abolish all of these protective measures itself, but it harshly calls on China to comply with its requirements so as to facilitate a massive inflow of products from the developed countries. This, in essence, would place China's national industry in a fatal position. China is a developing country and lacks strong resistance power. If protective measures are abolished, instead of benefiting from its readmittance to this trade body, China would meet inestimable fatal consequences.

China's principles on reentering GATT are very definite: 1) China must not be deprived of its rights as a GATT signatory member, including its rights as a developing country. 2) There must be a balance between rights and obligations, and China will not undertake obligations that a developing country need not undertake.

What is more, the United States will not allow China to enjoy the treatment that all other developing countries enjoy after they join GATT. This is notable discrimination. The process of reentering GATT has gone to such an extent that China has no option but to make a choice: Whether to give away the state's fundamental interests for the sake of reentry under U.S. coercion, or to resolutely hold out against U.S. blackmail and follow our own road of reform and opening up.

When meeting with the visiting U.S. undersecretary of commerce in Beijing on 19 July, Wu Yi, minister of Foreign Trade and Economic Cooperation, said: "China will not restore its GATT signatory status at any cost, and will not trade off the state's fundamental interests for the sake of reentry. China hopes that the United States will adopt a realistic attitude." The Chinese media disclosed that China would submit a "final package of concessions" to the 18th GATT conference to be held in Geneva on 29 July. This is the bottom line. If it meets endless U.S. demands, China will withdraw from the negotiations. Such an attitude conforms to the interests of the Chinese nation. China is willing to join the world trade body, but certain superpowers must treat China on an equal footing rather than suppressing its economic growth. They must not try to exploit China in every possible way, thinking that China will not survive without reentering GATT. Over the past 46 years since the founding of New China, we have attained rapid economic development and achievements outside this world body. Of course, the restoration of China's GATT membership is not only conducive to China itself, but will also bring benefits to all of the world's trading powers. China is a huge market and will help some trading powers recover from their economic recessions

after reentering GATT. Such an interdependent and mutually beneficial relationship is very obvious to all.

Conversely, if China is prevented from reentering GATT, the trading powers will lose China's market and sustain losses as well. It is not exactly earth-shattering if China's admission to GATT is denied, because China can still fulfill its tasks of reform and opening up in a steady and proper way according to its own schedule and plan through expanding its economic cooperation and contacts with various countries in the world. Certainly, those who blockade and suppress China will not succeed, but will lose their due interests.

The United States has said, among other things, that due to China's fast growing economic system, the requirements for China's reentry to GATT should be very prudent, and that since this is a precedent, there will be confusion in world trade if the arrangements are not made properly.

This U.S. argument is not tenable. China's per capita GNP and income still rank low in the world, and, therefore, it is a typical developing country. Its foreign trade amounts to \$200 billion and is growing at an annual rate of 18 percent. Given this fast-paced growth, it still holds a small proportion compared with the trading powers. China only accounts for 5 percent of the world's total trade volume and has never affected the world's free trade order. The U.S. assertion that confusion would be created in this order if China is treated as a developing country is simply groundless. This shows exactly that the United States only wants to see economic stagnation rather than economic development in China. In the negotiations on China's reentry to GATT, which have lasted as long as eight years, not a single developing country refused to grant China treatment as a developing country, and Germany, France, Belgium, the Netherlands, and Japan also agreed that China is a developing country. The United States alone, with its political motive to suppress the socialist countries, obstinately says that China is not a developing country and has listed China as a country which is more advanced than the United States, so that China has to undertake obligations that the United States itself is unable to undertake. U.S. avarice knows no bounds. It is unable to justify itself in any way, but China will not allow itself to be ordered about by the United States.

China has adopted dual tactics to reenter GATT. One is to join the body, and the other is to withdraw from the negotiations. After all, China has made all the concessions that can be made. If the United States will not allow China to join the body, China cannot obtain general interests even though it has stooped to compromise. By the time China's economy is more developed, those who wish to enter the gate of China to ask for the importation of more commodities from them will probably be those countries which have set overly stringent demands at the very outset.



**Column Views Paris Club's Debt-Resolving Efforts**

HK2507150394 Beijing RENMIN RIBAO in Chinese  
22 Jul 94 p 6

["International Forum" column article by He Gang (0149 0474): "A Limited Active Act"]

[Text] In the economic declaration of the Group of Seven [G7] summit, which ended not long ago, the Paris Club of Western creditor countries is required to "work hard to resolve" the government debts of some developing countries. Hopefully, it was disclosed, a maximum of 80 percent of government debts in arrears committed by some of the most impoverished countries will be cut and exempted. Naturally, that is good news to some countries that have been deeply perplexed by their debt issues.

The debt issue all along has been a malignant tumor on developing countries. The Latin American region's volume of foreign debts was \$487 billion in 1993, and those of African region have gone up by three times in 15 years. Furthermore, because of the high interest rates on the debts, more often than not debtor countries have been unable to repay the debts on time. At the same time, new debts were incurred, with the volume of debt snowballing. Take Africa, for example: Its volume of foreign debts is \$290 billion, accounting for 90 percent of the African GNP; the debt rates of some of the most underdeveloped countries even exceed their GNPs. Increasingly serious debts have become an important cause for the obstruction of economic growth and for turbulent political situations in some countries, and the masses of people are in dire suffering. The reduction and exemption of the debts of underdeveloped countries long has been a pressing topic. Viewing the aforesaid conditions, the commitment of the heads of G7 is really an active act.

On the other had, people also should see that, like the \$3 billion debts of 22 countries which the Paris Club has cut or exempted as of today, the debts to be cut or exempted are mostly those that have been in arrears for years or "bad debts," with repayment out of the question. To cut and exempt debts in this category is actually an open approval of "bad debts." Faced with the astronomical figure of \$1,500 billion in accumulated debts of developing countries, this debt reduction applicable to a narrow range obviously is far from resolving the debt issue. Such being the case, the aforesaid G7 act is limited in its active significance.

Promoting the economic reinvigoration of debtor countries is one of the major channels for resolving the debt issue. Many developing countries have been shifting the focus onto the development of their own economies in recent years. However, the recent G7 summit has not attached full importance to such issues of universal concern among developing countries as increasing development aid, improving unequal trade conditions, and

technological imports. In addition, some developed countries in recent years have pursued trade protectionism toward developing countries in a big way under the pretexts of environmental protection and social problems. No wonder some people say, regarding the issue of developing countries' economic development, that "there were more words than substance, pending significant accomplishments" at the recent G7 Summit.

During the oil crisis in the 1970's, Western developed countries keenly felt the important role of developing countries in the world economy, and advocated the significant "North-South talks" on their own. Later, the global "talks" scored concrete results with the joint efforts of all related sides. Nevertheless, since the end of the Cold War, Western political and public opinion circles have markedly toned down their voices in discussing "North-South talks." However, facts will prove that neglecting the development of the impoverished Southern countries and failing to attach importance to coordinating North-South relations is definitely short-sighted behavior. As the widening of the North-South gap will impede global economic development, it has a bearing on world stability. At present, regional wars and the tide of emigration from poor to rich countries are vivid examples.

**'News Analysis' Examines Positions on GATT Reentry**

HK2407075994 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Jul 94 p 1

["News Analysis" by Jin Man: "Sides Dig In on Gatt Question"]

[Text] Chinese negotiators leave on Sunday [24 July] for Geneva to attend a high-profile meeting on China's access to the world's main trading organization.

The General Agreement on Tariffs and Trade (GATT) Working Party on China, starting July 29, shouldn't produce any major breakthroughs in the already prolonged negotiation process.

Officials from the Ministry of Foreign Trade and Economic Co-operation (Moftec) told Business Weekly before departure that China still hopes the negotiations will be concluded before Gatt is replaced by the World Trade Organization, which is to be established on January 1, 1995.

But it is also likely that the date could be postponed to July.

Moftec officials insist that China must be treated as a developing country by Gatt and be assured a balance of rights and obligations.

"There's no argument on that. China will not rejoin Gatt as a developed country" as demanded by the United States, officials say.

It is a plain fact that China is still a developing country, even according to the World Bank's own evaluation.

The United States, however, has cited China's export growth as the main reason for tagging China as a developed country.

And the United States is talking tough. Deputy US Trade Representative Charlene Barshefsky said in Beijing over the weekend that "China cannot be accepted to GATT as a developing country."

"China is an export powerhouse. It surely is not a developing country across the board," she said.

This announcement has virtually closed off the possibility for future talks between China and the United States, although Barshefsky said she believed the negotiation process would move forward.

However, it's hard to see where there is any room for the optimism shown by Barshefsky as long as the two countries don't retreat from their respective stances.

Close examination of the US trade representative's remarks suggests that the U.S.'s demand to treat China totally as a developed nation in GATT is flimsy.

By denying that China is a developing country "across the board," her statement leads one to believe that she recognizes China as a developing country at least in some respects.

Moftec officials have already promised that China would take on some of the obligations of developed countries.

But that does not mean that China will agree to appear as a developed nation in GATT.

By insisting on being treated as a developing nation, China is not seeking to dodge GATT obligations, Moftec officials insist.

"We just want fairness," they say.

The United States hopes to submit its draft protocol of tariff and non-tariff concession demands to China on August 1, Barshefsky said, promising that the United States will do what it can to accelerate the process of China's access to GATT.

### **Commentary Views Mideast, Bosnia, Haiti Developments**

*HK2507131394 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Jul 94 p 6*

["Weekly Current Affairs Commentary" by Shi Jia (2514 0163) ]

[Text] **A New Breakthrough in the Mideast Peace Process**

News from Washington, Amman, and Jerusalem has affirmed that Jordan's King Husayn and Israel's Prime Minister Yitzhaq Rabin will meet for the first time in the

White House in Washington on 25 July. The community of public opinion believes that the current historic meeting will be a new breakthrough in the Mideast peace process following the reconciliation between the Palestine Liberation Organization and Israel.

Recently there has been new momentum in the peace talks between Jordan and Israel, which has been left out in the cold for quite some time. First, when visiting the United States, Jordan's King Husayn said that he was willing to meet publicly with Israeli Prime Minister Rabin. Meanwhile, an agreement was reached in the Jordanian-Israeli talks on the border, water resources, and other issues. On 18 July, the representatives of Jordan and Israel shook hands for the first time in the bilateral talks on the border areas in the southern tip of the two countries, which took place in a border area following 46 years of mutual hostility. On 20 July, the foreign ministers of Jordan, Israel, and the United States met for the first time in Jordan to discuss economic cooperation.

Over decades of hostility, Jordan and Israel many times have resorted to arms against each other, but striving for peace and stability is the trend of the times. In new historical conditions, Jordanian and Israeli leaders have managed to relinquish their previous ill will and to strive for reconciliation. This serves not only as a new charter to the annals of Jordanian-Israeli relations, but also as a contribution to the speedy realization of a comprehensive, fair, and lasting peace in the Middle East.

### **All Conflicting Factions in Bosnia-Herzegovina Are Facing a Choice**

The long-drawn-out conflict in Bosnia-Herzegovina once again has reached a critical moment. The foreign ministers of the United States, Britain, France, Germany, and Russia formally ratified the proposal for a comprehensive settlement of the Bosnia-Herzegovina issue which was worked out by the Bosnia-Herzegovina Liaison Group, and they affirmed the Group's map for the territorial division of Bosnia-Herzegovina. The foreign ministers urged the three factions in Bosnia-Herzegovina to respond to this "non-negotiable" map and announced a series of "reward" and "punitive" measures aimed at all factions. The political statement issued by the West's Group of Seven summit on 10 July also urged the conflicting factions in Bosnia-Herzegovina to accept this peace proposal.

How to approach the five countries' peace proposal is the choice facing the conflicting factions in Bosnia-Herzegovina. Currently, leaders of the Muslim-Croatian Federation have expressed their willingness to accept the map of territorial division. Through two days of acute discussions, the Serbian Parliament adopted a declaration and made a reply of "conditional acceptance" of the five countries' proposal. The liaison group now is studying the various factions' attitude toward the proposal and preparing for countermeasures.

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The world community is following with great interest the development of the situation of Bosnia-Herzegovina. Will the situation ease up and move toward a settlement, or will it deteriorate further?

#### **Where Does the Way Out of Solving the Haitian Crisis Lie?**

Recently, the Haitian situation has attracted people's attention once again. On 12 July, the UN Security Council adopted a presidential statement, denouncing the repulsion by the Haitian military government of the UN observers who were carrying out their inspection duties in Haiti. In the United States, the media continuously carried reports about the possible use of force by the United States against Haiti. The U.S. military even "revealed" the combat plan for entry into Haiti. The deployment of troops to Haiti seems imminent.

The so-called Haitian crisis was caused by the overthrow of the popularly elected president, Jean-Bertrand Aristide, by a military coup d'etat. To compel the military government to step down, the UN Security Council has adopted repeated resolutions on the Haitian issue, including a sanction resolution. Beginning in early July, the United States on three occasions announced the imposition of a series of economic sanctions on Haiti. At the same time, it stepped up its efforts to apply pressure against Haiti militarily and through opinion makers in the hope of accelerating the downfall of the Haitian military regime. Apparently, however, all these efforts have not worked.

Restoring peace and stability in Haiti is the common aspiration of the international community. Nevertheless, imposing sanctions or resorting to arms is not the genuine way out of settling the Haitian issue.

#### **Nicaragua Not To Accept Haitian Refugees**

OW2607012494 Beijing XINHUA in English 0100 GMT 26 Jul 94

[Text] Managua, July 25 (XINHUA)—Nicaragua's Foreign Minister Ernesto Leal stated today that his country will not receive Haitian refugees.

Leal affirmed at a press conference that Nicaragua does not have the conditions necessary for receiving citizens from that Caribbean nation which is the poorest in the world.

He said that Nicaragua must still receive fellow countrymen who fled from the Civil War in the country during the past decade.

Furthermore, Leal pointed out that the difficult economic situation is another reason that makes it impossible for Nicaragua to accept Haitian refugees.

Nevertheless, Nicaraguan foreign minister promised to support those Central American countries that decide to accept Haitian citizens.

Nicaraguan President Violeta Barrios de Chamorro also ruled out this morning that her government is willing to receive Haitian refugees.

#### **United States & Canada**

##### **Sino-U.S. Intellectual Property Rights Dispute Escalates**

HK2507112794 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1123 GMT 24 Jul 94

["Special article" by reporter Xiao Xia (5618 7209): "Sino- U.S. Debate Over Intellectual Property Rights Becomes White-Hot"]

[Text] Hong Kong, 24 Jul (ZHONGGUO TONGXUN SHE)—The dispute between China and the United States over the intellectual property rights issue has become more and more heated. While the China mainland is stressing that many measures have been adopted in recent years to step up legislation and enforcement of relevant laws, the U.S. side still insists that the Chinese side has not made enough progress in protecting intellectual property rights. By this argument, the U.S. side in early July this year announced a decision to put China on the priority watch list under the Special 301 action. Recently, the U.S. side again expressly asked the Chinese side to close down 26 plants in south China which were suspected of involvement in the manufacture of pirated music tapes. Chinese officials, for their part, criticized the U.S. side for disregarding historical and actual conditions and for pushing too hard.

U.S. Trade Representative Kantor once criticized that compact disc and computer software piracy was running rampant in the China mainland, particularly in central and south China, with more than 70 million fake CD's being made and exported. In response, China launched a nationwide operation in April to wipe out pirated CD's and laser video discs; factories, shops, and night clubs were searched. A unified operation was launched in 20 cities of Guangdong Province on 19 and 20 April, more than 1,600 shops and stalls selling pirated music products were searched, and more than 140,000 CD's and LD's ["CD" and "LD" in English, as received], more than 1,300 laser video discs, and more than 80,000 audio and video cassettes were confiscated. Meanwhile, Beijing, Jiangsu, Fujian, Hunan, Henan, and Guangxi also took action to ban pirated CD's. In order to prevent a resurgence of pirate cassette shops, the Chinese State Council in July introduced a system of work meetings on intellectual property rights affairs in order to take charge of research and coordination of the affair and to see that all departments concerned step up their efforts to perfect legislation regarding intellectual property rights and enact the "audio and video products control regulations" and the "border control procedures" as soon as possible.

To cope with disorder in the production and marketing of audio and video products in China, the State Press



and Publications Administration, the State Copyright Bureau, and five other agencies demanded that reproduction of laser CD's and laser video discs be placed under the control of specific departments. All manufacturers of laser CD's and laser video discs must have the State Press and Publications Administration's permission, and their daily operations must be governed by the State Press and Publications Administration and by respective local competent departments as well. Those manufacturers who repeatedly violate the laws and regulations concerned will be ordered to stop production.

Liu Gao, deputy director of the China Copyright Society and former deputy director of the State Copyright Bureau, stated in Hong Kong in mid April that many countries' copyright laws include clauses defining criminal responsibilities. Although the China mainland's copyright law does not contain similar clauses for the moment, he said, conditions now are ripe for such clauses to be incorporated into the law. So when the current copyright law is revised, the customs administration may be authorized to seize illegal duplicates and to hold the pirate product manufacturers and distributors responsible for their deeds. Records show that the China mainland completed copyright legislation in June 1991, and was admitted as a signatory to the International Copyright Convention in October the following year. The time lag was one year or more. China was a little late in making a start in this regard, but it has made more rapid progress than such developed countries as Britain, the United States, and Japan. A meeting of the Eighth National People's Congress Standing Committee held in Beijing in early July discussed the possibility of extending the length of sentence for copyright offenses, and examined the revised draft of the bill on penalizing copyright offenders, which contains a clause allowing the court to pass a sentence of imprisonment as long as three to five years, together with a certain sum of fine on any copyright offender whose case involves a huge value or whose offense is serious.

Thus it can be seen that China has made remarkable progress in protecting intellectual property rights, and has been perfecting relevant measures and legislation. So it seems unjustified for the U.S. side to keep pressuring China without showing understanding.

#### **Li Lanqing on 'Certain' Power Blocking GATT Entry**

*HK2507073294 Hong Kong TA KUNG PAO in Chinese 22 Jul 94 p 1*

["Special dispatch" from Beijing by staff reporter Ma Ling (7456 3781): "In an Interview With Persons in Charge of TA KUNG PAO, Vice Premier Li Lanqing Accuses Certain Big Western Country of Blocking China's Reentry to GATT"]

[Text] Beijing, 21 Jul (TA KUNG PAO)—State Council Vice Premier Li Lanqing emphatically pointed out in Beijing today that China needs the world, and the world

also needs China. Can it be that we alone need GATT and GATT does not necessarily need China? Without the participation of China, which holds 11th place in the world in terms of trade volume, there would be a question as to whether or not the World Trade Organization, which will soon be founded, is a genuine world trade organization.

Li Lanqing made the above remarks during an exclusive interview with this newspaper's Director Wong Kwok-wah and Editor-in-Chief Tsang Tak-sing at the State Guest House in Diaoyutai this afternoon.

During the interview, Li Lanqing said: At an international seminar held in Singapore a short time ago, I mentioned in my speech that China needs the world, and the world also needs China. Since China has practiced the policy of reform and opening up, of course, it is willing to actively participate in the international trade organization and abide by its collectively agreed rules, just as we joined the International Olympic Committee and abided by its rules of competition. We have made efforts for more than eight years to restore our signatory status to GATT. Even though the issue has not been settled so far, we have been reforming our trade system in line with the rules set by GATT, and we have positively participated in the Uruguay Round of talks from beginning to end and signed the resulting document.

Then, he said: However, we have to point out regretfully that, owing to a certain big Western power's incomprehensible obstruction, the issue has not been settled up to now. During their talks with us a short time ago, they went so far as to set forth unacceptable demands. If we accept their demands, people will not help asking why we should have to restore our signatory status. Is it that we alone need GATT, and GATT does not necessarily need China? For this reason, we will not restore our status at any cost and make any deal that will damage the fundamental interests of our country. On the issue of restoring our status in GATT, we will only adhere to principles which are harmonious with the rights and obligations that a developing country can undertake.

He said: I should like to reiterate that China's reentry into GATT is conducive not only to China, but also to all the signatory states. Moreover, without the participation of China, which holds 11th place in the world in terms of trade volume, in the world trade organization which is about to be founded, it remains a question as to whether or not it would be a genuine world trade organization. Of course, we will still talk positively with all the signatory states on the process of restoring our signatory status according to our set principles. We hope that this Western big power will also adopt the same attitude so that a solution to this issue will be brought about.

In addition, Li Lanqing also answered a series of questions raised by this newspaper regarding China's foreign trade, Sino-British relations, Sino-U.S. relations, Hong Kong's Chinese-funded enterprises, education, and so on.

The interview, which covered a very wide range of topics, was conducted in a lively atmosphere. After the interview, Li Lanqing feted the director and editor-in-chief of this newspaper.

### Column Views Ron Brown's Upcoming Visit

HK2207115694 Hong Kong HSIN WAN PAO in Chinese 21 Jul 94 p 4

["New Talk" column: "U.S. Secretary of Commerce To Visit China on Behalf of U.S. President"]

[Text] Having solved the problem of China's MFN trading status, U.S. President Bill Clinton is sending U.S. Secretary of Commerce Ronald Brown to China.

Clinton's decision to improve U.S. ties with China have brought a number of ministerial-level U.S. officials to China since September last year to when the issue of China's MFN trading status was solved. Brown's visit will be the first to China by a U.S. secretary-level official since Clinton decided to extend China's MFN trading status.

In addition, there are several points worthy of attention. First, the trip was scheduled for 27 August, but the U.S. Government formally announced it one month ahead of time. This suggests the government attaches importance to the trip. Second, U.S. Undersecretary of Commerce Jeffrey Garten arrived in Beijing recently, well before Brown. In the last two days he has had talks with Chinese Vice Premier Zou Jiahua to exchange views. Third, Brown is being sent by the president with a mission. Clearly, the Clinton administration hopes that Brown's visit will help expand long-term cooperation between the two countries and will lead to the signing of memoranda of understanding on specific projects.

Therefore, Garten indicated that Brown will represent Clinton and the U.S. Government, as well as the U.S. Department of Commerce. Figures from over 20 well-known U.S. enterprises will join Brown on the visit.

In his talks with Garten, Zou Jiahua also mentioned two points. Politically, Brown's visit, apart from promoting bilateral economic relations and trade, will play an active role in improving bilateral political relations. As far as economic matters and trade are concerned, China is ready to strengthen cooperation between the two sides. China welcomes and supports anything which serves to improve Sino-U.S. ties and to increase economic cooperation and trade between the two countries.

According to foreign news agencies, Garten, who met with people from various fields in Beijing over the last two days, gave a message that in the "post-MFN era," the United States will start a new round of commercial cooperation with China and give greater support to U.S. investors facing keen competition.

He stressed that since arriving in China's capital last Monday, he has had the feeling that there is a hopeful

future in store for Beijing. Since the tense relations between the two sides created by the MFN problem has eased, Beijing will offer many opportunities in the future. The U.S. Government should step up support for American companies bidding for projects in China. "I do not believe American companies face level competition in other fields," he said.

Naturally, he made this remark with good grounds. Since China's President Jiang Zemin attended the Asia-Pacific summit held in Seattle last year and met with U.S. President Clinton, the German and French prime ministers have visited Beijing personally for talks, and a large number of German and French businessmen joined them to expand economic ties and conduct trade negotiations. The newly elected Canadian prime minister is scheduled to visit China after the Fall. Therefore, Garten believes that the United States faces a high level of competition in China from many countries. It is necessary for the U.S. Government to give technical support to U.S. companies with respect to an export program involving \$1 billion.

Over the last few days, Garten has had talks with Wu Yi, minister of foreign trade and economic cooperation, and Vice Premier Zhu Rongji on projects (mostly concerning power, telecommunications, and transport) worth \$6 billion. This will mean an increase of \$2 to 3 billion in the volume of U.S. exports. It is hoped that these transactions will be confirmed by Brown during his visit to China.

U.S. President Clinton is to attend the second Asia-Pacific Economic Cooperation summit to be held in Jakarta in November. It is a priority in U.S. foreign policy to make renewed efforts to strengthen economic ties with Asian countries, apart from strengthening its economic ties with European countries.

### Global Star Technical Seminar Opens

OW2507114394 Beijing XINHUA in English 1013 GMT 25 Jul 94

[Text] Beijing, July 25 (XINHUA)—A global star technical seminar, organized by Hong Kong Hanshine International Limited, started here today.

The two-day seminar, aimed at introducing the new technology of the U.S. Globalstar Limited Partnership and discussing the future of mobile communications, has drawn more than 200 telecommunication experts and entrepreneurs from China, the United States, France and the Republic of Korea.

### Southeast Asia & Pacific

#### Burma, Beijing Fishing Company Sign Cooperation Agreement

OW2507193794 Beijing XINHUA in English 1529 GMT 25 Jul 94

[Text] Beijing, July 25 (XINHUA)—A Beijing fishing company and the Ministry of Livestock and Fisheries of



Burma signed an agreement for cooperation in commercial fishing today in Beijing.

According to the agreement, trawlers of the Beijing Aquatic Products Co. will be allowed to fish in waters 12 nautical miles from the Burmese offshore line.

In the first three trial months, 88 percent of the catch will be shipped to Beijing and the remaining 12 percent transferred to Burma, the agreement says.

When the trial period expires, the two sides will start a fishing joint venture.

Mayor of Beijing Li Qiyang and Burmese Minister of Livestock and Fisheries Maung Maung attended today's signing ceremony.

#### **Li Lanqing Meets Malaysian Trade Minister**

*OW2607072794 Beijing XINHUA in English 0706 GMT 26 Jul 94*

[Text] Beijing, July 26 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with Rafidah Aziz, Malaysian minister of international trade and industry.

Aziz and his party arrived here Monday [25 July] at the invitation of Wu Yi, Chinese minister of foreign trade and economic cooperation (MOFTEC).

#### **Commission Seeks To Boost Sino-Malaysian Trade**

*HK2607080194 Beijing CHINA DAILY in English 26 Jul 94 p 2*

[By Wang Yong: "China, Malaysia Set To Boost Trade"]

[Text] As the leading economies in the Asia-Pacific region, China and Malaysia yesterday explored new ways for mutual trade expansion [sentence as published].

"There's great potential for Malaysia to export more finished industrial products to China and for China to invest further in Malaysia," visiting Malaysian Minister of Trade and Industry Rafidah Aziz said at a meeting in Beijing with her Chinese counterpart Wu Yi.

Both presided over the third session of the bilateral economic and trade commission meeting that ends today.

Malaysian exports to China totaled \$1.08 billion last year, according to Chinese figures. The major exports were raw materials such as timber and coconut and palm oil.

Aziz said Malaysian trade with China has done well since the joint commission was established in 1988.

Bilateral trade volume in 1993 increased two-and-a-half times over the 1988 level, she noted.

China has become Malaysia's fourth largest trading partner.

According to Chinese statistics, China had a trade deficit of \$379 million with Malaysia last year, though Malaysian calculations put the deficit at \$160 million.

Aziz said the deficit is in the process of evening out as bilateral trade takes off.

Wu said bilateral trade has reached its peak since the two countries forged diplomatic relations on May 31, 1974. In the first five months of this year, bilateral trade already surged to \$924 million, Wu said.

"China's sustained economic development is providing a good chance for Malaysian investment in China," Aziz said.

To date, Malaysia has invested in a wide range of Chinese sectors, including infrastructure, real estate, finance, manufacturing and construction.

The two countries have signed memorandums of understanding involving potentially big-ticket investment by Malaysian businesses in China.

Aziz said more than 20 such memorandums have been implemented or are under negotiation.

She proposed that in the near future entrepreneurs from both sides set up working groups led by the commission.

"And we welcome Chinese companies to invest more in such sectors as raw materials, agriculture, industrial equipment and high-tech projects in Malaysia," she said.

#### **Zou Jiahua Meets Singapore Delegation**

*OW2507140694 Beijing XINHUA in English 1254 GMT 25 Jul 94*

[Text] Beijing, July 25 (XINHUA)—Chinese Vice-Premier Zou Jiahua met with a delegation from Singapore Economic Development Board (SEDB) here this afternoon.

Zou said that Sino-Singaporean ties have seen smooth development since the two countries set up diplomatic relations. He expressed the belief that the delegation's current China tour would further enhance the economic links between the two countries.

The 8-member delegation, headed by Philip Yeo, chairman of SEDB and of Singapore Sembawang Corporation Limited, arrived here yesterday as guests of China's State Planning Commission (SPC).

Gan Ziyu, vice-minister of SPC, hosted a banquet in honor of the Singaporean guests after the meeting.

### **Qian Qichen Departs Thailand for Home**

*OW2607064394 Beijing XINHUA in English 0606  
GMT 26 Jul 94*

[Text] Bangkok, July 26 (XINHUA)—Chinese vice premier and Foreign Minister Qian Qichen left here this morning for home after a week-long visit to Thailand.

During the week, Qian held talks with his Thai counterpart Prasong Sunsiri on bilateral relations and exchanged views on regional issues. He also made a call on Thai Prime Minister Chuan Likphai.

After that, he attended the 27th ASEAN ministerial meeting held in Bangkok from July 22-23, and the first meeting of the ASEAN regional forum on July 25, in the capacity as a consultative partner of ASEAN.

At the ASEAN regional forum meeting, Qian said bilateral and multilateral security dialogues and consultations in various forms should be promoted in order to enhance understanding and confidence.

He also said armament should only be used for defensive purposes and arms race of any form should be averted.

During the meeting, he also reiterated the Chinese stand of opposing nuclear proliferation.

### **Song Jian Meets With Australian Resource Minister**

*OW2607070094 Beijing XINHUA in English 0637  
GMT 26 Jul 94*

[Text] Beijing, July 26 (XINHUA)—Song Jian, Chinese state councillor and minister in charge of the State Science and Technology Commission, said here today that Australia is a good "co-operation partner" in China's modernization construction.

Meeting with Australian minister of resources David Beddall here this morning, Song said that the successful co-operation between the two countries in all fields has boosted the confidence of the two sides to expand such collaboration.

Song told Beddall that China's output of iron and steel this year is expected to hit 93 million tons, which can not yet meet the demand. China attaches importance to its co-operation with Australia in the areas of iron and steel and energy, he added.

Beddall said his current China visit makes him feel that Australia and China have a special "co-operative relationship". He expressed the hope that two countries would strengthen exchanges in the coal industry, such as in the technology of coal dressing.

Beddall and his party arrived here July 22 at the invitation of the Chinese Ministry of Metallurgical Industry. They are also expected to visit Shanghai.

**Political & Social****Li Peng Addresses National Conference on Tibet****Announces Continued 'Assistance'**

OW2607131294 Beijing XINHUA in English 1256  
GMT 26 Jul 94

[Text] Beijing, July 26 (XINHUA)—Chinese Premier Li Peng said that faster development in Tibet still requires assistance from the central government for a considerable period to come.

Addressing the third national conference on Tibet, Li announced that the State Council, China's highest governing body, has decided to continue practicing special policies and measures in Tibet in such areas as finance, taxation, investment, pricing and foreign trade.

The decision is designed to help the Tibet Autonomous Region overcome difficulties in the course of reform and development, he explained.

The premier also promised that in the future the central government will help Tibet solve problems and help it expand its economy, in line with its financial capabilities and actual conditions in Tibet.

He said that it is a major policy to accelerate economic growth in Tibet that [as received] relevant central departments and various province-level areas aid construction in Tibet for a long time to come.

That a number of projects to aid Tibet were decided at the conference indicates the advantage of socialism in concentrating resources on undertaking big projects and the great unity among the Chinese people of various ethnic groups, he said.

**Stresses Socioeconomic Development**

OW2607130494 Beijing XINHUA in English 1242  
GMT 26 Jul 94

[Text] Beijing, July 26 (XINHUA)—China plans to push the annual economic growth in Tibet up by about 10 percent in the coming years within the century and double its 1993 GNP by the year 2000, said Chinese Premier Li Peng.

Addressing the third national conference on Tibet last week, Li said that China plans to increase the general level of Tibet's socio-economic development by a large margin within the century so as to lay a solid foundation for faster development in the next century.

He said the per capita income for farmers and herdsmen in Tibet is expected to grow continuously so that people's living standards will witness a steady increase. Meanwhile, Tibet is expected to meet the poverty relief target by the year 2000 so that the large majority of Tibetans can live comfortably.

In today's [as received] conference, the Chinese premier said that China is confident and able to speed up socio-economic development in Tibet. He said that the gap between Tibet and other parts of China is the result of various factors such as historical conditions, socio-economic factors, natural and geographical conditions.

In economic construction and reform and opening, he told the officials present that China should accept such a gap and encourage faster development in the areas which have better conditions for development. On the other hand, he said, effective measures must be taken to help backward areas develop so as to reach common prosperity.

"We must accelerate Tibet's development and we have all the conditions to do so," Li said, adding that common prosperity is the essential target of socialism.

Meanwhile, the steady development of China's national economy and continuous strengthening of comprehensive power of the entire country are the forces backing up the acceleration of Tibet's development. The establishment of a socialist market economy will surely inject powerful vitality into the socio-economic development in Tibet, he added.

**Li Peng Expresses Concern Over Floods in Guangxi**

HK2607093594 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 25 Jul 94

[Text] Early this morning, a responsible official of the regional flood control command told the press: On the morning of 24 July, (Zhao Chunming), director of the State Flood Control Office, telephoned Guangxi, saying that State Council Premier Li Peng was deeply concerned about the floods in Guangxi.

At 1000 on 24 July, Zhang Chunyuan, vice minister of water resources, and (Zhao Chunming), director of the State Flood Control Office, delivered a report on floods in all parts of the country to the premier. Li Peng first inquired about the flood situation in Guangxi's Wuzhou, asking about the water level there. (Zhao Chunming) gave him the answer.

The premier then asked if it was possible that Wuzhou would be hit by floods for the third time. (Zhao Chunming) said it was uncertain because the flood season had not come to an end.

(Zhao Chunming) also reported to the premier on the flood pressure on the reservoirs in the Wuzhou area and the dangerous situation of the Huashan Reservoir in Huashan County.

Premier Li Peng then asked why there were continuous heavy rains in this period, and expressed his deep concern over Guangxi's situation of being afflicted by floods once again.

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**Deng Reportedly Criticizes 'Shanghai Faction'**

HK2607004194 Hong Kong SOUTH CHINA  
MORNING POST in English 26 Jul 94 pp 1, 8

[By Willy Wo-lap Lam]

[Text] Chinese patriarch Deng Xiaoping has delivered a tough warning against factionalism, saying the new leadership in the party and Army must come from the "five lakes and four seas". And in what analysts said was an oblique criticism of President Jiang Zemin, Mr Deng indicated that the "Shanghai Faction" had monopolised too many positions in the Communist Party and the People's Liberation Army (PLA).

Chinese sources said yesterday Mr Deng, who gave these instructions a month ago, was anxious to ensure a smooth transition after his death. They said despite Mr Deng's apparent criticism of Mr Jiang, a former party boss of Shanghai who is the head of the Shanghai Faction, it was unlikely the patriarch would stop supporting the latter's status as the "core of the third-generation leadership". It is believed that the edicts of the patriarch, whose preoccupation is to avoid a power struggle after his death, were relayed by members of his close-knit family.

Citing a well-known Chinese proverb on balance and equilibrium, Mr Deng said: "Leadership in the new era must reflect the five lakes and four seas. There are too many members of the Shanghai Faction holding top party and army positions," he said.

The patriarch, a former chairman of the policy-setting Central Military Commission (CMC), showed particular concern over the composition of the top brass in the post-Deng era. Without naming Mr Jiang, his successor as commission chairman, Mr Deng expressed qualms about whether factional balance had been achieved in the PLA's top echelon.

The patriarch hinted that he "had not been consulted enough" during the marathon reshuffles of the PLA leadership in the past year, particularly the rounds that took place late last year. A party source said Mr Deng also cited the unexpected promotion in early 1993 of the head of the Shanghai garrison, Ba Zhongtan, to commander of the 800,000-strong People's Armed Police. The elevation of General Ba, a crony of Mr Jiang, is seen as key to the President's attempt to consolidate his hold over the army and police apparatus.

"In theory, Jiang Zemin consults Deng on all major PLA personnel matters," said a Western military analyst. "However, Jiang has taken advantage of Deng's declining health, including his frequent lapses of memory." The analyst added the Central Military Commission chief also tried to camouflage the formation of a Jiang clique in the PLA by elevating proteges of Mr Deng's such as the head of the Deng Xiaoping Office, Wang Ruilin.

In a move described by Western military attaches as a "bold grab for power", Mr Jiang last May promoted 19 senior PLA officers to full generals. They included General Wang, who is also Deputy Chief Political Commissar, and General Yang Dezhong head of the army unit guarding the Zhongnanhai party headquarters. Since the two generals are not "professionals" who have taken part in combat their "helicopter ride" to the top has aroused widespread resentment in the ranks. It is understood that while the promotion of General Wang was agreeable to Mr Deng at the time, the patriarch has since been swayed by dissenting opinions expressed by retired generals who are scandalised by Mr Jiang's manoeuvres. At the same time, Mr Jiang has installed many of his former associates in Shanghai in key offices in the party headquarters, including the General Office and the Propaganda Department.

Diplomats in Beijing said while it was assumed that Mr Jiang had struck a power pact with the Deng household, signs of discord had emerged since the spring. They said, however, that despite Mr Deng's apparent criticism of Mr Jiang's empire-building, the President still enjoyed the patriarch's overall support. "Jiang is seen by Deng as the best person to hold together the party and the nation after his death," a Western diplomat said.

**'Little Deng' Said To Attack Deng Xiaoping's Reforms**

HK2607004294 Hong Kong SOUTH CHINA  
MORNING POST in English 26 Jul 94 p 8

[By Willy Wo-lap Lam]

[Text] Maoist ideologue Deng Liqun has stepped up criticism of patriarch Deng Xiaoping's reforms, saying they would lead to a restoration of capitalism. Party sources said Deng Liqun, called Little Deng by Western diplomats, had strengthened his attack on Mr Deng as the health of the latter seemed to falter. They said Little Deng had called two meetings in the summer to "put out propaganda" against the patriarch's "Western-style reforms".

The first conference was held on June 15 under the auspices of the Party History Research Office of the Central Committee, a bastion of leftism, or remnant Maoism. Ideologues who spoke at the session included an editor of QIAOSHI magazine, Ma Yingbo, and a cadre of the Contemporary China Research Institute (CCRI), Zhang Qihua. The commissars deplored the fact that under the leadership of Mr Deng's proteges, the Propaganda Department and other units had encouraged a "whateverist" approach to Deng thought; that is, "whatever comrade Xiaoping says is correct".

The Maoists also groused about the fact that under Mr Deng's instruction that "preventing leftism is the key task of the nation", the party had lowered its guard towards "bourgeois liberalisation". "We have come to the point where battling the bourgeois liberal influence



has almost become a taboo subject," one ideologue complained. The leftists also criticised Mr Deng for putting a damper on their efforts to lambast the "revisionism" of former Soviet president Mikhail Gorbachev and Russian President Boris Yeltsin.

The second conference was held on July 1 by the CCRI and the Research Centre on Chinese-style Socialism of the State Education Commission. Participants warned that "an orientation towards the marketplace could turn into a capitalist orientation". The ideologues attacked liberal leaders such as former party chief Zhao Ziyang for their "wholesale denigration" of the 30 years before Mr Deng assumed power in late 1978.

They said the emphasis during the Maoist era on fighting bourgeois liberalisation and bureaucracy was "by and large correct". "It is a mistake to juxtapose the market economy against the planned economy," a conference source quoted the commissars as saying. "Being a socialist country, China must uphold planning and the principle of the state sector being the mainstay of the economy."

The source said that Mr Deng was too frail and too preoccupied with other matters of state to parry the attacks of Little Deng. But a party elder close to Mr Deng, Bo Yibo, recently condemned the manoeuvres of the ideologues. Party authorities under President Jiang Zemin have also frustrated Little Deng's plan to publish his selected works. "Little Deng wants his book to be published by the Central Literature and Documents Press or the People's Press," a source said. "But he was told by (Propaganda Chief) Ding Guangen that only the works of a 'state leader' merit such treatment."

#### **Qian Qichen Returns From ESEAN Meeting**

OW 2607100794 Beijing XINHUA in English 0957 GMT 26 Jul 94

[Text] Beijing, July 26 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen returned to Beijing today after visiting India, Nepal and Thailand.

While in Thailand, Qian also attended the 27th conference of the ASEAN foreign ministers and the first meeting of the ASEAN Regional Forum.

#### **Zou Jiahua Inspects Xinjiang Oilfields**

OW 2507113194 Beijing XINHUA Domestic Service in Chinese 0742 GMT 14 Jul 94

[By reporter Wang Boyu (3769 0130 3842)]

[Text] Urumqi, 14 Jul (XINHUA)—During an inspection of Xinjiang's economic work, Zou Jiahua, Political Bureau member of the CPC Central Committee and State Council vice premier, said: Workers in the petroleum front must be fully aware of their heavy responsibility and work hard to turn out more oil and gas to better satisfy the demand of faster development of the national economy.

From 11 through 13 July, Vice Premier Zou Jiahua and his retinue of officials from the State Council's relevant departments heard successive work reports from Xinjiang's three major oilfields, the China National Petroleum Corporation, and Xinjiang Uygur Autonomous Region. Accompanied by autonomous regional chairman Abulaiti Abudurexiti and corporation president Wang Tao, they defied the intense summer heat to inspect crude oil production wells in the hinterland of the Taklimakan desert; the oil and gas collecting and processing facilities in the northern desert; and the construction of No. 4 oil field in the central basin. They also attended a ceremony to open the desert's petroleum highway, chatted cordially with oil well cadres and workers, and met with some model workers.

Zou Jiahua fully affirmed the achievements in prospecting and exploiting petroleum deposits in Tarim Basin. He said: In recent years, oil workers in the Tarim Basin, working under adverse and complex natural and geological conditions, have adhered to the party's basic line and earnestly implemented the State Council's guidelines on "stabilizing the eastern region and developing the western region." They display the petroleum front's fine traditions with the aim of discovering large oilfields, and regard it an honor to take part in the battle for oil; actively exploring new management methods suitable for the socialist market economic system; going all out to adopt new techniques and technology; advancing courageously; working hard with a pioneering and tenacious spirit; and making selfless sacrifice, thereby opening up a new situation in prospecting and developing oil and gas deposits in the Tarim Basin. So far, they have completed the survey of 130,000 km-long seismic lines in the basin, discovered seven oil and gas fields ready for exploitation, and developed an annual crude oil production capacity of 2.1 million tonnes with fairly good input and output efficiency. These achievements are significant in promoting the sustained growth of China's oil and gas production; as well as in stimulating Xinjiang's economic development, consolidating the frontier, and enhancing unity among nationalities in the region.

On oil and gas prospecting and development in China's western region, the vice premier said: The Tarim, Junggar, and Hami-Turpan basins are rich in oil and gas deposits and have good prospects for exploration. The three basins constitute a strategic region for replenishing the development of China's petroleum industry. While striving to accelerate the oil industry, the petroleum front should step up oil and gas prospecting to drastically build up the reserves and to lay a solid resource foundation for increasing oil output. Petroleum workers should, on the basis of relying on themselves, open up wider to the outside world, make use of more foreign funds, and introduce more advanced technology and managerial experiences. Meanwhile, they should actively develop oil and gas fields that have relatively large deposits, higher per-well output, and better economic efficiency as well as transportation links with other regions, so as to raise

more funds for quickening the pace of oil and gas prospecting and development. It is necessary to bring into play the advantages of various trades and professions, solicit the support of society, and make an overall plan in spurring common development of the local economy.

Zou Jiahua also spoke highly of the achievements made by Xinjiang Uygur Autonomous Region. He said: Since the introduction of reform and opening up, Xinjiang has undergone tremendous changes and achieved rapid economic growth. The region has laid a sound foundation for further development by devoting efforts to the exploration of the market both at home and abroad.

Noting the gap in economic development between the eastern and central and western regions in China, he said: The central and western regions should give full play to their advantages in accelerating economic development and narrow the gap. Xinjiang can bring into play many of its advantages. It should utilize its soil, climate, and other favorable natural conditions to vigorously develop agricultural production and promote its grain, cotton, beet, and fruit production, and to increase the value of farm and sideline production through intensive processing. Meanwhile, Xinjiang should go all out to develop secondary and tertiary industries in rural areas, focusing on village and township enterprises, so as to increase peasants' income and purchasing power, and to promote the development of industrial production.

He emphasized: While giving play to its resources advantages, Xinjiang should take into full account market forces, studying not only production methods and output but also the marketability of products. Xinjiang should pay close attention to both resources and markets in producing marketable products and striving to lower production costs and increase returns.

In view of difficulties in Xinjiang's current economic development, the vice premier said: The economic growth rate is not a matter of which to be desired; it is necessary to make an overall plan and reasonable arrangements, and to try the best to do things within available resources. While soliciting the state's support in terms of policies and funds, Xinjiang should also rely on itself. He urged the people of all nationalities in Xinjiang to unite as one, work hard, and more successfully carry out construction in Xinjiang under the leadership of the party Central Committee with Comrade Jiang Zemin as the core.

Wang Enmao, former vice chairman of the Chinese People's Political Consultative Conference National Committee, also inspected the Tarim oil prospecting district and heard the work report. Song Ruixiang and Huang Zhendong also accompanied Vice Premier Zou Jiahua on the inspection.

#### **Statistics Inspection Groups Depart for Provinces**

OW2207223294 Beijing XINHUA Domestic Service in Chinese 0759 GMT 14 Jul 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 14 Jul (XINHUA)—To further promote the implementation of statistics laws, the State Statistical Bureau, the Ministry of Supervision, and the Bureau of Legislative Affairs under the State Council the other day sent joint inspection teams to eight provinces and regions to inspect the implementation of the statistics laws.

It has been learned that the results of an inspection carried out in June by the Financial and Economic Committee of the National People's Congress on the implementation of statistics laws indicate that there remain serious problems in the enforcement of statistics laws. The problems are manifested mainly in the frequent occurrence of inaccurate and falsified important statistical data.

To prevent violations of laws and discipline, the ministry and two bureaus have decided to send five inspection groups—led by Zhang Sai, head of the Leading Group for Inspecting the Enforcement of Statistics Laws and director of the State Statistical Bureau—to Heilongjiang, Liaoning, Inner Mongolia, Shanxi, Hunan, Shandong, Gansu, and Sichuan. The teams will inspect principal measures adopted by the localities in enforcing statistics laws, their effects, and other experience. During the inspection, the teams will also try to uncover new circumstances and new problems and to solve them in good time. Moreover, they will also determine the nature of glaring violations uncovered in the course of the inspection and place them on file for investigation in order to further improve and fine-tune statistics work. The inspection groups will also solicit grass-roots views on revising the "statistics law."

#### **System Established on Intellectual Property Rights**

OW2307193894 Beijing XINHUA Domestic Service in Chinese 0955 GMT 19 Jul 94

[Text] Beijing, 19 Jul (XINHUA)—To further strengthen China's protection of intellectual property rights, the State Council decided to establish a system of holding regular administrative meetings on intellectual property rights. These meetings are responsible for studying and coordinating on relevant issues concerning intellectual property rights in China and for strengthening leadership over this kind of work. This decision was made at a recent State Council meeting of responsible persons from relevant departments.

State Council Vice Premier Li Lanqing presided over the meeting, which was attended by State Councillor Song Jian and others.

The meeting decided that State Councillor Song Jian would preside over such State Council intellectual property rights administrative meetings and that an office for these meetings would be set up at the State Science and Technology Commission. Relevant departments under

the State Council will take charge of intellectual property rights in accordance with their respective functions and the division of work.

The meeting urged all departments concerned to once again mobilize and arrange for various localities and departments to further strengthen in the near future the protection of intellectual property rights in accordance with relevant laws and regulations. All departments concerned should intensify law enforcement, draw up a specific action plan for their next step, sternly crack down on violations of the law such as copyright piracy, and step up efforts to deal with several serious and major cases in the near future.

The meeting held: The country has over the past dozen years or so done a great deal of fruitful work in establishing a system for protecting intellectual property rights. In only a matter of a dozen years or so, it established a relatively complete intellectual property rights protection system, in passing through a legislative process that normally would have taken some advanced countries several decades or even some 100 years to complete. In law enforcement, China follows the principle of "providing a legal basis, enforcing every applicable law, ensuring strict law enforcement, and looking into every violation of the law," meaning that our law enforcement is strict and impartial. While we have made great achievements in both of these areas, we still need to continue strengthening and perfecting the protection of intellectual property rights.

The meeting pointed out: Protecting intellectual property rights constitutes an important part of China's policy of reform and opening up to the outside world and the building of a socialist legal system, which is an important measure for perfecting China's socialist market economic system, as well as an important guarantee for developing China's scientific, technological, economic, and cultural undertakings. The departments concerned should accelerate legislative work concerning intellectual property rights, perfect laws and regulations, issue at an early date the "Regulations Governing Audio and Video Products," and strive to introduce the "Border Measures Regulations" by the end of the year. The meeting called on all localities and departments to vigorously publicize the protection of intellectual property rights to foster across society an awareness of the need to protect intellectual property rights.

Also attending the meeting were Xu Zhijian, State Council deputy secretary general, and responsible comrades from relevant State Council departments, including the Ministry of Foreign Affairs, the State Science and Technology Commission, the Ministry of Foreign Trade and Economic Cooperation, the Ministry of Electronics Industry, the Ministry of Culture, the Ministry of Radio, Film, and Television; the State Council Press Office, the State Administration for Industry and Commerce; the Press and Publication Administration, the State Copyright Administration, the

General Administration of Customs, the Bureau of Legislative Affairs, and the China Patent Office.

#### Article Says Tighter Media Controls in Place

HK2607103294 Hong Kong CHENG MING in Chinese No 201, 1 Jul 94 pp 16,17

[Article by Li Tzu-ching (2621 5261 0079): "CPC Tightens Grip on Media"—first paragraph is CHENG MING editor's note]

[Text] The State Council's Information Office held a national meeting of journalists in late May. At the meeting, Li Tieying pointed out that journalists should continue to toe the party's basic line in their principles and orientation. Zhu Muzhi criticized by name a number of rumor-mongering media, and listed 10 types of attacks, slander, agitation, and fabrication these media had engaged in.

If we ask people what the CPC fears most, we may hear more than one answer. One of these answers is accurate at least, and that is public opinion which expresses or reflects the will of the people.

The accuracy of this answer can be verified by something we all know: that the CPC has always regarded control of the national media as its most important task in exercising and consolidating its dictatorship. The communists regard the function and role of the pen and the gun as equally important.

The State Council's Information Office held a national meeting of journalists on 22 May. The meeting was chaired by Zhu Muzhi. At the meeting, Li Tieying, the state councillor in charge of journalism, said: "As regards the principles and orientation of journalism, it is still necessary to adhere to the party's basic line without wavering or deviation." However, he made no mention of how journalism should satisfy the people's right to know. According to the logic of the communists, journalism that does not toe the CPC's basic line will not be tolerated, and this rule also applies to foreign and nonmainland media. Truthful reporting of mainland news by foreign and nonmainland media is all branded as "fabricated rumors."

In emphasizing the need to "adhere to the party's basic line without wavering or deviation," Li Tieying was actually saying that some journalists had "wavered" from the party's basic line. In his speech, he went on to point out that some journalists believed that upholding the party's basic line would affect the development of journalism and restrict the subjective initiative of journalists, and that the party's leadership over journalism should only be on the policy level and should have as little as possible to do with concrete matters. Of course, the CPC finds it necessary to control and ban this kind of "out of line" notion and "deviation." Li Tieying sternly declared that rectification measures and disciplinary measures will be taken regarding such problems. He said: "News departments must be consolidated. It is necessary



to strengthen party leadership. The party's leadership over journalism is concrete, not something formalistic.... It is necessary to rectify tendencies toward anarchy and bourgeois liberalization among the journalist ranks. Those who are not competent or are not suitable for the profession should be dismissed and replaced."

In the wake of changes in the domestic and international climate in recent years, there has been an increase in ideological and political awareness among people on the mainland. It is impossible that the content of communist media propaganda could be totally immune from ideas which do not conform with, or which even go against, the CPC mode of "uniform public opinion" where "what it says goes." Top party leaders find the situation disturbing and see the need to strengthen media control. Hence, a national meeting of journalists was convened.

#### Li Tieying Attacked Foreign and Non-Mainland Media

Li Tieying also said: "The anti-CPC media in the United States, Western Europe, Taiwan, and Hong Kong have never stopped attacking, slandering, and fabricating stories and rumors against China on political, social and economic issues since China began its reform and opening up. Facts have proved the following points: First, the anti-CPC media have not only been unable to jeopardize China's continuous development, but have educated the whole CPC and the people of China that hegemony, the West's hostility toward China, and the antagonistic political forces outside the territory, including those in Taiwan and Hong Kong, simply will not, and indeed cannot, stop their confrontational attitude. Second, hegemony, the anti-China and anticommunist political forces of the West, including the hostile political forces in Taiwan and Hong Kong, as well as all of the anti-China and anticommunist activities, propaganda, subversion and sabotage launched by pro-U.S. and ultra-anti-China elements who collude with outside forces, will definitely hear from and be dealt with by the Chinese Government and the Chinese people. Third, anti-China forces are becoming increasingly unpopular in the international arena."

He did not care to disclose the facts that proved these three points. However, it is common knowledge that the number of people listening to overseas, Hong Kong, Taiwan, and Western broadcasts is increasing rather than declining.

#### Media Named by Zhu Muzhi

At the meeting, Zhu Muzhi mentioned the names of several mass media accused of consistently attacking, slandering, and fabricating rumors against China. They include the BBC, American news agencies and newspapers, anti-China members of the (U.S.) Congress, anti-China and anti-communist Japanese news agencies and newspapers, a number of Taiwanese media, and those Hong Kong media which are pro-British, have an overseas political background, or are backed by Taiwan. Zhu Muzhi said: "Their common anti-China expectation

is to see China thrown into the midst of disorder, great chaos, and sudden changes, and to follow in the footsteps of the Soviet Union and Eastern Europe."

#### Zhu Muzhi Listed 10 Examples of "Fabrication"

Zhu Muzhi considered the following 10 types of propaganda activities to be attacks, slanders, agitation, and fabrication by nature:

1. "Fabricating" accounts of power struggles in the party, government, and top military hierarchy.
2. "Fabricating" accounts of how local leaders have demanded more authority from the central government, as well as accounts of power struggles between local and central governments.
3. "Fabricating" accounts of struggles between the central government and the military, with the military demanding more power and a bigger role in government affairs.
4. "Fabricating" accounts of power struggles between the Deng Xiaoping and Chen Yun lines as well as power struggles between other party and government veterans.
5. "Fabricating" accounts of a coup d'etat and challenges against Deng Xiaoping and the central leadership by Yang Shangkun and Yang Baibing.
6. "Fabricating and spreading" information and stories about serious crises in China's economic development and reform.
7. "Fabricating and spreading" accounts of political disturbances, rural riots, industrial strikes, and independence struggles waged by ethnic groups.
8. "Fabricating" accounts of maltreatment of convicts and "publicizing" the subversive activities of the underground opposition and hostile elements.
9. Stealing party, government, and military secrets by monetary and other means and using this information for hostile "propaganda and attacks." This also includes "fabricated" stories about Deng Xiaoping's illness or death.
10. "Fabricating" stories about the seamy side of party and government organs, public security, and judicial organs for purposes of "agitation, slander, and attack."

Are these really "crimes" of Western, Hong Kong and Taiwan media? Are all the accounts "fabricated"? Admittedly, not all reports are accurate, and indeed some may be quite unfounded. However, the cases mentioned by Zhu Muzhi have been proved by subsequent events to be mostly well-substantiated facts rather than sheer fabrications. Can we say that there have never been any conflicts and struggles within the CPC's top echelon and between the central and local governments? Can we say that there has never been any divergence between the Deng Xiaoping and Chen Yun lines? Can we say that there have never been any hidden dangers in



economic development?.... We would say that this kind of negation and obliteration of the facts is out-and-out rumor.

Zhu Muzhi said: It will help increase the vigilance and awareness of party journalists to regularly carry in internal publications anti-China and anticommunist slander and attacks by hegemony and the West, including anti-China and anticommunist attacks, agitation, and rumors carried in the Hong Kong and Taiwan media. Work in this regard has yielded practical results, and we have to thank the Western media and some of the Taiwan and Hong Kong media for this.

#### **Imposing Further Restrictions on Foreign and Non-Mainland Journalists**

Lastly, Zhu Muzhi said: In accordance with Chinese laws and regulations, hostile media and nationals who deliberately engaged in sabotage, agitation, and fabrication in the name of visiting China or gathering news in its territory should be subject to restrictions, denied press access, or refused entry permits where appropriate, and those who violate the law and deserve punishment must be duly punished. This is the policy which was reiterated at the seventh session of the CPC Central Secretariat and the NPC Standing Committee.

From this session and the remarks made by Li Tieying and Zhu Muzhi, we can clearly see that the CPC is afraid of "out of line" public opinion and will not tolerate any freedom of the press. This mentality is, in the final analysis, fear of public opinion and fear of the voice of the people. In essence, they are putting themselves on the opposite side to the people.

#### **'Avant-Garde Artists' Reportedly Remain Under Arrest**

*HK2607110994 Hong Kong MING PAO in Chinese 26 Jul 94 p a8*

[By special reporter Sha Chun (3097 6511): "Two Arrested Avant-Garde Artists Have Not Been Released, and 30 Artists Have Been Ousted From Beijing Painters' Village"]

[Text] Ma Liuming and Zhu Min, two avant-garde Beijing artists who were arrested by the public security organs more than a month ago, have not been released yet. In addition, 20 to 30 painters who live in Dong village, the second painters' village in Beijing where the two arrested artists reside, have been ousted by the public security authorities. A person from the circle in Beijing disclosed that these painters now are wandering from place to place, and do not have a permanent place to live; it is not known what crimes they have committed.

On 14 June, Ma Liuming, who was performing the act of "cooking potatoes" in his self-rented home in Dashan village (also called Dong village or Painters' village) under Dongfeng township of Chaoyang district, Beijing,

and another artist, Zhu Min, who was observing, were carried away by the Chaoyang District Public Security Bureau. During the performance, Ma Liuming was naked and wore make-up on his face. A dozen or more critics, artists, and persons of other cultural circles were present. Public security personnel arrested Ma and Zhu for "violating the law and committing crimes" and then detained them for investigation on account of their "illegal acts." In the meantime, 20 to 30 avant-garde painters in "Dong village" were forced to leave. Public security authorities have affixed strip seals on the rented house and imposed a fine of 1,000 yuan on the homeowner, who had rented the house to the three artists: Ma Liuming, Zhu Min, and Zhang Huan. The authorities warned other homeowners in "Dong village" that they must not rent their homes to these artists. Not long ago, the performance [xing wei 5887 3634] artist Zhang Huan, who is still at large, was badly beaten up in a bar by two people whose identity is unknown. The characteristics of "performance art" are that one experiences art personally with the body. In each province on the mainland there are more than 100 people in the "performance art" field. At the China Modern Art Exhibition of 1989, someone shot the "performance art" paintings on cloth with a gun. The authorities made clear provisions forbidding the exhibition of works of performance art, arrangement art (creating an artistic effect by using various kinds of materials within a certain space), and any works possessing the "sex concept." Between May and June this year, in Beijing's "Dong village," where artists from all over the country gathered, Ma Liuming (who comes from Hubei), Zhang Huan (who comes from Hunan), and others experienced "performance art" three to four times prior to the incident. Ma Liuming's works include "A Dialogue With George and Gilbert," "Fen [5358], Ma Liuming," "Fen, an Explanation by Ma Liuming," and "Fen, Ma Liuming's Lunch." In "Fen, an Explanation by Ma Liuming," Ma Liuming was naked, wore makeup on his face and hands, and masturbated. The action process of "Fen, Ma Liuming's Lunch" was that Ma Liuming—naked and wearing makeup—cooked a fish over a gas stove; carried the fish to a glass table on a plate; sat down; put one end of a plastic tube into his genitals and held the other end in his mouth; and then had his lunch.

According to Beijing's authoritative avant-garde art critics, Ma Liuming's performance art expresses, through the male-female homogeneous language he designs, the experience of a person being alienated in the modern civilization, namely the neutralization of man.

It has been learned that the public security authorities seized Ma Liuming's "performance art" photos and sent them to those teaching traditional arts in the fine arts colleges and universities of Beijing to learn "if they were works of art or not," and that the answer was "negative." It is disclosed that the public security authorities have locked up Ma Liuming and the others with hoodlums and thieves, and that they forbid other painters to visit or send gifts to them.

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People in the circle sent letters to the public security bureau, asking them to invite organizations and experts that really have studied modern art—such as the Modern Research Office and the Western Art Research Office Under the Fine Arts Department of the Chinese Art Research Institute, the Western Arts Research and Teaching Institutions under the Central College of Arts and Crafts, and contemporary art critics—to judge the artists' works. Experts say that the mainland's modern art is still in an experimental stage and that it is not easy for the majority of people to understand it, but that performance art itself does not have bad motives, such as pornography. They hope the authorities will understand this and release the arrested persons at an early date.

It is explained that these performance artists generally lead a simple and poor life, stressing the purity and noncommercial nature of art.

#### **Article Sees Effort To Sideline Liberal Party Members**

*HK2307064294 Hong Kong SOUTH CHINA MORNING POST in English 23 Jul 94 p 7*

[By Willy Wo-lap Lam]

[Text] President Jiang Zemin and his associates have stepped up efforts to rein in the activities of the liberal wing of the Communist Party. Sources close to the Propaganda Department said its chief, Ding Guangen, had in the past few months denied permission to a group of liberal cadres and economists to hold seminars on how to push forward patriarch Deng Xiaoping's theories on market reforms.

Some of the conferences were to be held in Fujian and Guangdong provinces to mark the second anniversary of Mr Deng's tour of southern China. Would-be organizers included avant garde economists and retired cadres such as Yu Guangyuan, Li Rui, Xiang Nan and Tong Dalin, most of whom were advisers to ousted party chiefs Hu Yaobang and Zhao Ziyang.

The sources said Mr Ding, an ally of Mr Jiang who is known for his conservative ideology, had told the liberal economists that such seminars could only be held at the local, not national, level. However, the sources added, a major reason behind Mr Ding's lack of enthusiasm was the fact that leaders of the party's liberal wing, including National People's Congress (NPC) Vice-Chairman Tian Jiyun, had lent their support.

A former vice-premier and right-hand man of Mr Zhao, Mr Tian has indirectly criticized Mr Jiang for failing to go the whole hog with Mr Deng's edicts on market reforms and on fighting "leftism", or remnant Maoist influence. Mr Jiang fears that, after the death of Mr Deng, Mr Tian and his allies, such as NPC Chairman Qiao Shi, might make use of their liberal credentials to jockey for position. Since the spring, Mr Tian and Mr

Qiao have toured the provinces in an apparent bid to garner regional support for their market-oriented reforms.

Meanwhile, sources in Beijing said the authorities had intensified surveillance of Mr Zhao. They said Mr Jiang had been disturbed by the publication in a Chinese-language Hong Kong newspaper last month of the statement that Mr Zhao made in late June 1989, which defended his sympathetic stance towards the student movement.

He has ordered an investigation into the "political motive" behind the leaking of the statement. It is understood that Mr Jiang feared that the document, which justified Mr Zhao's advocacy of political reform, might be the harbinger of a more active role by the liberal faction.

Western diplomats have discounted rumours that Mr Zhao had met former state president Yang Shangkun an elder in "opposition", in Guangzhou in the spring. They said there was no indication that the authorities had relaxed their ban on Mr Zhao visiting Guangdong, one of his major power bases. Guangdong cadres recently told a senior Western diplomat he had not visited the province.

#### **Article Views Civil Service Exam, Recruitment Process**

*HK2307075894 Beijing CHINA DAILY in English 22 Jul 94 p 4*

[Article by Xi Mi from the "Opinion" page: "Open Exams Help Pick More Able Civil Servants"]

[Text] "The advancement of a market economy demands the introduction of a civil service system in China; and the establishment of recruitment through open examinations is the first step towards establishing a civil service system," said Wei Zhiqian, an official from the Department of Examination and Recruitment, Ministry of Personnel.

"Open examination is the thing that differentiates the civil service system from the former cadre management system," Wei said.

The present personnel management system was largely formed during the warring times before 1949.

Party and government staff, technicians and managers of enterprises, researchers, teachers, doctors, and actors were all State cadres under the same management system, which suited the demands of the highly centralized political system and planned economy.

And most government employees were college students, demobilized officers, workers, farmers and other people from enterprises and institutions.

They were assigned or recommended to their positions by the authorities without having to take examinations.

The system's disadvantages have become more obvious with the deepening of economic reform: centralized management is monotonous and fails to spell out each person's responsibility, lacks transparency and creates opportunities for the abuse of power.

Subjective opinions of certain individuals instead of laws are decisive in the selection of government employees.

To address these problems, the State has undertaken a series of reforms in personnel management and formulated a set of laws on the establishment of a civil service system.

Examinations have been adopted since 1982 to recruit new government employees. In 1987, the Provisional Regulations on Civil Servants was implemented.

In 1988, more than one million people took part in the exams and 80,000 people were recruited.

But the number of new recruits is limited.

Recently, the Ministry of Personnel issued a code on the recruitment of junior civil servants, which, unlike the old cadre system, gives more incentives to individuals.

The code requires all departments to hold open examinations and strict assessment of non-leading cadres below the rank of division head.

"The implementation of the open examination system is not merely an internal affair of government departments, but also an issue of public concern," Wei said.

Recruitment through exams will help guarantee the competency of the government's employees and reform the structure of education and administrative departments.

Recruitment follows the principles of openness: the exam is open to the whole society for participation and scrutiny. It has a standard evaluation process.

Exam supervisors are required to avoid conflicts of interest, such as involvement with candidates who are relatives.

Also open to the public are: the recruitment policy, date and place of the examinations and demands for candidates; the quota of personnel to be enrolled and the names of the employers, the positions offered and qualifications needed for such positions; and the date, forms and results of the exams.

Another principle is equality of opportunity. All participants have equal legal status, regardless of race, religion, gender, nationality, family background or marriage status. The most important thing is the candidates' ability and moral integrity.

"The third principle is competition. Those with the best performance will be selected."

During the four years from 1989 to 1992, about 63 ministries and departments under the State Council held recruitment examinations. Exams organized by the Ministry of Personnel during that period attracted some 11,611 candidates, of which only 716 were successful in obtaining jobs.

And in the past four years, 29 provinces, municipalities and autonomous regions have employed 71,000 government employees from 470,000 applicants.

The content of the exam covers both basic knowledge and special areas. The exams are overseen by the Ministry of Personnel and the department seeking new recruits. Up to now about 21 provinces have established examination centres for the selection of candidates.

Recruitment includes four steps:

- Planning the recruitment, including the number of recruits needed, the department wanting new personnel and methods of examination.
- Examination of the candidates' qualifications. They must be of Chinese citizenship, healthy, under the age of 35, abide by the law and be willing to serve the people. Those who apply for a position in a department above the provincial level should have higher education and two years of experience in grass-roots units.
- The examination itself, which includes politics, law, administrative management and the handling of official documents. An interview is held for those who pass the written examination.
- A final, comprehensive analysis of the candidates' political orientation and moral soundness and work performance based upon opinions sought from the candidates' former work units and colleagues.

Those who pass the four procedures should have their candidacy verified by the personnel department and serve a year on probation in the new work unit. They can seek government personnel departments to intervene if they have disputes with their former work units.

During 1990 and 1991, 34 ministries under the State Council employed 520 recruits from 7,859 candidates, according to Fu Xingguo, another official from the Department of Examination and Recruitment.

Of these, 6,743 were under 35 years old, all having received a college education and 549 holding master's or higher degrees. The candidates came from different work backgrounds: 3,790 from enterprises, 2,428 from institutions, 840 college graduates and 688 from government administrative departments. Of the candidates, 962 held intermediate or senior professional posts.

"The examination system has been well-received by the society and government departments," Fu said.

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Among the recruits employed by the State Bureau of Building Materials Industry, State Statistics Bureau and National Environmental Protection Agency in 1989 and 1990, more than 140 have been promoted to department or section chiefs.

"According to a survey in 1992, the State Statistics Bureau expressed satisfaction with 98 per cent of the personnel recruited in 1989 and 1990. In Chengdu city, 98 percent of those newly recruited through open examinations are regarded as competent and enterprising," Fu said.

"The recruitment of civil servants above the level of section chief does not go through the open examination system, because it is difficult to test the capabilities of officials of such calibre and responsibility. They will still be appointed by higher authorities," Wei said.

### Forum on Rural Ethics, Cultural Progress Closes

OW2407142294 Beijing XINHUA in English 1354  
GMT 24 Jul 94

[Text] Zhengzhou, July 24 (XINHUA)—The central authorities urged that rural ethic and cultural progress unswervingly serve economic construction and lead farmers toward prosperity, according to a national forum.

The forum, which closed today in Linzhou city of central China's Henan Province, was a special meeting on the country's rural ethic and cultural progress.

The participants lauded the great achievements China's rural areas have made over the past decade in culture and education, as well as in economic development and social progress.

The meeting said the main task in future cultural progress in the rural areas is to give farmers more knowledge of science and technology and the socialist market economy.

Special attention should be paid to improvement of moral standards in the rural areas to create a favorable climate for economic development, according to the meeting.

The meeting was co-sponsored by the Propaganda Department of the Chinese Communist Party Central Committee and the General Office of the State Council.

### Efforts To Eliminate 'Abject Poverty' Increase

OW2407143394 Beijing XINHUA in English 1340  
GMT 24 Jul 94

[Text] Beijing, July 24 (XINHUA)—China is stepping up efforts to wipe out abject poverty, with the goal to solve food and clothing shortages for its existing 80 million poverty-stricken citizens by the year 2000.

Earlier this month, ministries and commissions directly under the central government summed up experience

and explored ways to further efforts in this regard. Also, businessmen from home and abroad donated about 21 million yuan to the China Poverty Reduction Fund (CPRF) at a "poverty-reduction action" meeting.

These were part of the bid to fulfill the target of wiping out poverty among the 80 million (1.4 times the population of France), a target set by the government at a national conference on reducing poverty last February.

The plan aims to raise the annual net income of the majority of the poverty-stricken to 500 yuan calculated according to 1990 constant prices, and beginning from this year, to improve the infrastructure, solve drinking water shortages, make electricity available to most towns and connect remote areas with national or regional road networks, for the poverty areas.

As part of the plan, China will strive to improve the cultural, educational and public health levels in backward and poor areas, wipe out illiteracy among the young and middle-aged population, offer professional training to grown-ups and hold the natural population growth rate under the official limit.

The 80 million population is largely distributed throughout remote mountainous regions, rocky regions, loess plateau areas and remote deserts, areas characterized by a paucity of natural resources and adverse natural environment.

Despite the difficulties, Yang Zhong, vice-director of the leading group of aiding the poor projects under the State Council, pointed to favorable conditions for reducing poverty. Those include sustained, rapid and healthy development of the national economy and fiscal reforms initiated this year to increase state revenues, according to the official.

With more financial resources, the central government will be able to increase its investment in poverty-reduction projects, primarily for the middle and western parts of the country.

The government has mapped out a series of anti-poverty measures, including increased investment in poor areas and the designation of 582 counties as priority targets for poverty elimination.

It also has decided to increase its investment in the "work for food program" and in discount loans both by one billion yuan each year during 1994-2000.

In addition, the government has adopted a different anti-poverty strategy by paying more attention to improving infrastructures with a view to long-term development of the poor areas, instead of simply ensuring food and clothing.

The central government has spent 27 billion yuan on poverty alleviation in the past 14 years. As a result, China's poor have decreased from 250 million in 1978 to

80 million in 1992, with the poor accounting for only 8.8 percent of the total population, compared with the previous 31 percent.

### **Regulations To Tighten Management of Amusement Parks**

*HK2607025194 Beijing XINHUA Domestic Service in Chinese 1017 GMT 23 Jul*

[By correspondent Tang Hong (0781 5725): "Regulations for the Management of Games Industry"]

[Text] Beijing, 24 Jul (XINHUA)—Recently there have been a number of fatal incidents in the games and amusement industry caused by substandard designs and chaotic management. To protect the masses and especially the lives of children and adolescents, the State Bureau for Technological Supervision and five other concerned bureaus have jointly issued the "Regulations for Monitoring and Managing the Safety of game machines and Amusement Facilities."

As a new industry, the games and amusement industry has since reform and opening up grown rapidly, with game machines becoming increasingly challenging and stimulating. Because there were no set rules on the manufacture, installation, operation, and management of these machines and facilities, when accidents occur areas of responsibility are often ill-defined, creating bad influence in society. The "Regulations for Monitoring and Managing the Safety of game machines and Amusement Facilities" applies to high-flying and high-speed game machines and amusement facilities which might cause bodily harm, and any other similar products of new design produced in the future.

The "Regulations" demands that design and production units satisfy the state "Safety Standards on game machines and Amusement Facilities" and its related safety requirements. game machines regulated by the industrial product permit procedure must satisfy all its requirements. The test-production of a game machine or an amusement facility by a unit must be checked by an inspection unit recognized by the State Center for Monitoring and Inspecting the Quality of game machines or a technology supervision department at or above the provincial level, and sample products must be okayed by an inspection unit before they can be put on sale in a six-month trial marketing program, after which technological assessment will be carried out on these sample products. Having installed and fine-tuned the game machines and amusement facilities and their capacities having tested normal, the administrative sections of the operating units of these products will inspect and take over these products in conjunction with local public security, labor, and technology supervision departments. With that, these products can go into service. Inspections are also required for machine or facility transactions between amusement parks (halls).

Concerning the operation and management of game machines and amusement facilities, the "Regulations"

demand that operating units must have a sound safety system and emergency rescue measures. Operation, management, and maintenance personnel should be trained and licensed upon passing a test before assuming their duties. There will be daily, weekly, and monthly checks on machines and facilities apart from an annual check and repair. Under no circumstances can faulty machines and facilities be allowed to be in service. Operating units must set up a casualty report procedure under which machines or facilities will be taken out of service upon occurrence of incidents resulting in death or injury, the scene of incidents sealed off, emergency measures activated to rescue the wounded, and reports made to local public security authorities and concerned departments. There must be no private settlements, in which case persons-in-charge will be held accountable.

It is understood that concerned departments will conduct national screening and inspection of all the high-flying and high-speed game machines and amusement facilities that might cause bodily harm to ensure safety and elimination of the potential for disaster.

### **Science & Technology**

#### **Li Peng Views, Grooms Apstar-1 Satellite Launch**

*OW2407055194 Beijing Central Television Program One Network in Mandarin 1100 GMT 21 Jul 94*

[From the "National News Hookup" program]

[Text] [Video shows medium shots of the Apstar-1 launch, followed by a long shot of a satellite monitoring and control tower, showing people watching the launch] China's Long March No. 3 carrier rocket successfully blasted off from the Xichang Satellite Launch Center at 18:31 hours [1031 GMT] today. About 20 minutes later, it accurately placed the Asia-Pacific No. 1 satellite [Apstar-1], the first communications satellite owned by the Asia-Pacific Satellite Communications Co., Ltd., in the anticipated transfer orbit. This was the ninth launch of a Long March No. 3 carrier rocket and the 13th rocket launch at the Xichang Satellite Launch Center.

Experts pointed out that the successful launch of the Apstar-1 satellite into orbit marked a new stage in China's commercial satellite launches. Before this, China successfully completed 14 commercial launch service contracts, including the launch of AsiaSat-1, Optus, and other commercial satellites.

The 1.4 ton Apstar-1 satellite, made by the Hughes Corporation of the United States, has 24 C-band transmitters and is designed to last for 10 years.

Premier Li Peng viewed the live coverage of the satellite launch. He expressed his congratulations on the successful launch and urged personnel concerned to continue their hard work.

After parameters showing the satellite's entry into the anticipated orbit were transmitted to the Xian Satellite

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Monitoring and Control Center, Hu Shixiang, director of the monitoring and control center, declared the launch a complete success. Representatives of the China Satellite Monitoring and Control Systems Department, the China Great Wall Industry Corporation, and the Hughes Corporation put their signatures on the parameter report showing the satellite's entry into orbit and affirming the success of the satellite launch.

It was learned that beginning with the Apstar-1 satellite, China will fulfill a number of other commercial satellite launch service contracts. Among the satellites to be launched, the Ausat-B3 satellite has already entered the pre-launch preparatory stage, and the Apstar-2 satellite will be launched later this year.

### Asia-Europe Optic-Fiber Cable's Partly Completed

OW2307144094 Beijing XINHUA in English 1359  
GMT 23 Jul 94

[Text] Urumqi, July 23 (XINHUA)—Construction of the Xian-Lanzhou-Urumqi section of the Asia-Europe Optic-Fiber Cable has been completed two months ahead of time and the section is expected to be put into operation next month.

This section is the major part of the cable in China. The other two sections in China are the Shanghai-Xian section, which was built earlier, and the Urumqi-Yining section, which is expected to be completed and put into operation in the first half of next year.

With a total length of more than 21,000 km, the Asia-Europe Optic-Fiber Cable is the longest of its kind in the world. About one third of the cable is within China.

The cable runs through 14 countries—China, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Iran, Turkey, Ukraine, White Russia, Hungary, Austria, Poland and Germany.

### New Telecom Firm To Invest \$11.66 Billion in Network

HK2507072694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 24-30 Jul 94 p 1

[By Pei Jianfeng: "New Telecom Provider To Build Own Network"]

[Text] The newly launched China United Telecommunications Corp (China Unicom) plans to invest over 100 billion yuan (\$11.66 billion) over the next five years building its own nationwide telecommunications network, according to Zhao Weichen chairman of China Unicom.

By the year 2000, China Unicom hopes to increase the country's telephone coverage by 1 percentage point, provide 10 per cent of China's long distance telephone service, take 30 per cent of the mobile communications market and connect its network with the international

network, he said. China Unicom was set up to break the monopoly over China's telecommunications business held by the Ministry of Post & Telecommunications for decades.

To realize its goal, China Unicom is seeking wide-ranging co-operation with domestic and overseas partners, Zhao said.

Sponsored by the ministries of the Electronics Industry, the Power Industry and Railways, China Unicom has received investment from 13 large domestic companies including China International Trust and Investment Corp, China Everbright International Trust and Investment Corp, China Huaneng Group, China Resources Group and China Merchants Holdings.

Each of the 13 investors has invested 80 million yuan (\$9.25 million) in China Unicom.

Many provinces, cities and large companies are eager to invest in China Unicom and become shareholders, Zhao said.

About 80 big-name overseas companies and financial institutions have initiated contacts to work with China Unicom.

Zhao said that China Unicom will take various measures to co-operate with foreign companies and organizations including borrowing, leasing equipment, contracting for engineering services and consulting.

He hopes that the government will allow China Unicom to make bold experiments in co-operating with foreign partners and introducing foreign funds.

There are more than 30 private telecommunication networks in the country including separate ones for the railroad industry, power industry, oil industry, radio and TV broadcasting industries, and the military.

China Unicom will first renovate and expand the railroad and power industry networks and link them with the existing public telecommunications network.

Other private networks will be welcome to join China Unicom to provide telephone services to the public, Zhao said.

China Unicom will also set up a nationwide mobile communications network that includes digital cellular mobile communications and paging.

A number of earth stations for satellite communications will be built around the country.

Zhao said that China Unicom will first set up its subsidiaries in Beijing, Shanghai, Guangzhou and Shenzhen.

Its local branches will be established gradually throughout the nation, he said.

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**Beijing-Kowloon Railway Promotes New Technology Use***OW2607092594 Beijing XINHUA in English 0626 GMT 26 Jul 94*

[Text] Wuhan, July 26 (XINHUA)—The construction of the Beijing-Kowloon (Jingjiu) railway has promoted the application of new technology.

According to engineers at the No.4 Institute of Surveys and Design of the Ministry of Railways, which is in charge of the overall design work of the line, China's top railway construction project, so far, more than 100 items of new technology have been applied in the building of bridges and telecommunications and signals systems for the projected railway.

The 2,370 km-long Jingjiu line, construction of which began in 1992, will traverse nine provinces and municipalities from north to south. Originally, it was scheduled for completion in 1997. However, to help ease the present congested conditions of the country's rail transport, the government decided early last year to shorten the construction term and finish the project by the end of 1995.

Some 130,000 workers are hard at work on the longest railway line China has ever undertaken.

The Ministry of Railways plans to finish 110 million cu m of earthwork, 66.4 km of major projects, 34.4 km of tunnels and 1,379 km of tracklaying by the end of this year, according to earlier reports.

**University Designs Robot-Operated Assembly Line***OW2507193394 Beijing XINHUA in English 1532 GMT 25 Jul 94*

[Text] Guangzhou, July 25 (XINHUA)—A new robot-operated assembly line today passed final appraisal of the Chinese State Commission of Science and Technology.

Designed and produced by the South China University of Science and Technology, the assembly line, one of state high-tech projects, is used to produce ceiling fan motors.

Five robots are placed on the line to produce each fan motor in six or eight seconds. This not only reduces the necessary labor force, but also improves the quality of the products.

Experts involved believe that it will bring about greater economic returns when put into operation.

The university spent three years completing the automatic production line.

**Crane With 160-Ton Lifting Capacity Developed***OW2307130894 Beijing XINHUA in English 1236 GMT 23 Jul 94*

[Text] Xuzhou, July 23 (XINHUA)—The Xuzhou Engineering Machinery Research Institute has developed a

crane with a hoisting capacity of 160 tons, making China the fourth country in the world able to produce such a big machine.

The "Qyu 160 Auto-Crane," now in the final stage of assembly and testing, is expected to be officially put into operation in October this year.

The maximum height it can lift is 96 m. It can do 62 kph on the highway and has a complete power-supply system.

Such huge cranes are mainly used in the construction of large chemical plants, mines, iron and steel works and docks. China used to rely on imports for such machinery.

**CAS Forecast of Comet Collision Termed Precise***HK2507101794 Beijing XINHUA Domestic Service in Chinese 0435 GMT 16 Jul 94*

[By reporter Yang Futian (2799 4395 3944): "China Is Up To World Standard in Precision in Forecasting Comet-Jupiter Collision"]

[Text] Nanjing, 16 July (XINHUA)—A few days ago, the Zijinshan Observatory of the Chinese Academy of Sciences announced that its precision in calculating the movement of Shoemaker-Levy 9, a fragmented comet, was 0.53 to 0.83 angular [jiao 6037] second. This shows that China's collision forecasting has reached advanced world levels.

Senior Engineer Dai Xin, head of the national comet-Jupiter collision observation program coordinating group and person in charge of the Zijinshan Observatory, said: On the last day, when the 22 fragments of the Shoemaker-Levy 9 comet hit Jupiter, their speed will increase drastically, from 12.4 kilometers per hour to 60.5 km per hour, and they will strike Jupiter with the momentum of an avalanche. The distance between the 21st fragment, which is at the forefront, and Jupiter was 2.35 million km at 0800 Beijing time on 15 July, and the fragment was moving at speed of 10.16 km per second or 10 times faster than 10 days ago. The distance had narrowed to just 1.37 km at 0800 on 16 July, and it will collide with Jupiter at 0340 on 17 July. The other fragments will collide with Jupiter one after another on 17 July until 1606 on 22 July.

According to his briefing, the international comet-Jupiter collision joint observation organization attaches great importance to the collision forecasts made by the comet-Jupiter collision forecast group led by the noted mechanical astronomer Zhang Jiaxiang using his own dynamic numerical model of the solar system and world observation data on Shoemaker-Levy 9. After receiving the latest report of the Zijinshan Observatory in the first 10 days of July, the organization immediately published it to the world as the latest document.

The Zijinshan has more than 40 comet and small planet observation and research laboratories. The observatory's

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planet research office is China's only authoritative academic institution engaged in the study of comets and small planets on a long-term basis. Since 1988, they have begun studying the issue of celestial body collisions in the solar system. As a national forecast center during the observation of the current comet-Jupiter collision, the office is one of the two units in the world which makes regular authoritative forecasts.

The Zijinshan Observatory reiterated: The current comet-Jupiter collision is taking place 770 to 780 million km from the Earth, and thus has no direct influence to the Earth. The current collision shows that the possibility for small celestial bodies in the solar system, such as small planets and comets, to strike the Earth cannot be ruled out. Therefore, astronomers throughout the world have the responsibility to strengthen the observation of and research into the small celestial bodies near the Earth so as to be able to make prompt forecasts and take corresponding countermeasures. Astronomers maintain: In terms of the current scientific and technological development levels, as long as mankind conscientiously works hard, it is entirely possible to avoid the occurrence on the Earth of the collisions similar to the current one.

### Military

#### Jiang Zemin Commends Military-Civilian Cooperation

OW2207164794 Beijing XINHUA in English 1610 GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—As long as the Army is closely knit together with the civilians, the Chinese people can do a good job of building socialism with Chinese characteristics, President Jiang Zemin said here today.

Jiang, who is also general secretary of the Central Committee of the Communist Party of China (CPC) and chairman of the Central Military Commission, made the remark at a meeting today, when 136 cities, counties and districts were praised for doing well in keeping good relations between the Army and civilians.

Jiang Zemin expressed admiration for the People's Liberation Army (PLA), the militias, discharged soldiers and officers, handicapped soldiers and relatives of the military service people.

The meeting was held in commemoration of the PLA's 67th birthday.

Liu Huaqing, vice-chairman of the Central Military Commission told the meeting that "supporting the Army and cherishing the people" has been a good tradition of the PLA, which has played a great role both during the war times and today's modernization drive.

This tradition need to be cherished and carried on, as the country's reform, opening and modernization drive have entered a critical stage, he said.

The model localities were selected by the Ministry of Civil Affairs and the General Political Department of the PLA.

#### National Meeting on Model Double-Support Cities Held

##### Jiang Zemin Gives Speech

OW2607035094 Beijing XINHUA Domestic Service in Chinese 1211 GMT 22 Jul 94

[By RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 22 July (XINHUA)—A national meeting to name model double-support cities (counties) was held today at the Great Hall of the People in Beijing today. Receiving the representatives prior to the meeting's opening, Jiang Zemin, general secretary of the CPC Central Committee, president of the state, and chairman of the Central Military Commission [CMC], told them: Under the new situation, as long as the Army is closely knit with civilians, the Chinese people can do a good job of building socialism with Chinese characteristics.

Jiang Zemin said: On the eve of the 67th anniversary of the army's founding, and on behalf of the CPC Central Committee, the State Council, and the CMC, I would like to extend my cordial regards to all the officers and men of the People's Liberation Army [PLA] and the armed police, the militia and reserve units, demobilized and retired soldiers, cadres who retired from the military, disabled revolutionary soldiers, and family members of revolutionary martyrs. I would also like to extend warm greetings to the cities (counties) that have been named model double-support cities.

Jiang Zemin pointed out: Double support—supporting the army and giving preferential treatment of PLA families and supporting the government and cherishing the people—represents a fine tradition of our state and military, a tradition that has played a great role during years of war as well as peaceful construction. In critical moments in particular, the broad mass of PLA commanders and fighters, defying difficulties and death, fight in the van for the interests of the masses, winning their praise. We must carry forward this fine tradition in the new historical period.

Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, Wen Jiabao, Buhe, Luo Gan, Yang Rudai, and Ngapoi Ngawang Jigme were at the reception.

Yu Yongbo, member of the CMC and director of the PLA General Political Department, presided over the meeting.

Liu Huaqing, member of the CPC Central Committee Political Bureau Standing Committee and vice chairman of the CMC, spoke. He said: Double support is a good

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tradition of our party, our army, and the Chinese people and it represents a political advantage peculiar to us. In line with the requirements set by Comrade Jiang Zemin and bearing in mind the overall situation and the central tasks, we should make consistent efforts in implementing double-support work so as to bring it to a new level and to serve reform, opening up, and socialist modernization in a still better way. (Text of his speech has been transmitted separately).

Luo Gan, secretary general of the State Council and head of the National Leading Group for Double-Support Work, delivered a report entitled, "Further Improve Double-Support Work Under the New Situation and Work Hard To Create a Good Social and Political Environment for Reform and Development." He said: Since the meeting to commemorate the 50th anniversary of the Yanan Double-Support Campaign, localities have made further efforts in consolidating and developing the excellent situation of army-civilian unity and mutual support, playing an essential role in safeguarding social stability, promoting economic development, and strengthening the army. Today, the main tasks of double support are to serve and safeguard the party's central task. We must take the party's basic line as our guidance, unite the hearts and minds of soldiers and civilians alike, and enhance the solid army-civilian unity founded on a common political basis; we must develop social productive forces and enhance the army's combat readiness as our fundamental tasks and strengthen mutual support and cooperation between the military and localities in various fields; we must work hard to prevent and properly solve contradictions and disputes between the army and localities and build closer ties between army and government on one hand and between army and civilians on the other. We must pay close attention to work at the grass-roots level, stress practical results, and thoroughly implement the various tasks of double-support work. We should explore new ways of implementing double-support work under the new circumstances of a socialist market economy, lay more stress on construction, improve our work's quality, and carry out in breadth and depth activities to develop double-support model cities (counties).

Luo Gan urged party committees and government at all levels—party, government, and military leadership as well—to place double-support work high on their agenda as it is a strategic task affecting the overall situation. All departments and professions must each attend to its duties and closely cooperate with one another. The broad mass of servicemen and civilians must enhance their awareness of double support and actively participate. The whole society should get mobilized to create a good social climate of double support.

Doje Cering, minister of civil affairs and deputy head of the National Leading Group for Double-Support Work, read a leading group decision on naming 136 cities, districts, and counties as double-support model cities (counties). The decision points out: In recent years,

localities and PLA units have made extensive efforts in promoting model double-support cities (counties). Models that conform to the call of the times and the situation have emerged in force, playing an exemplary role in consolidating and developing the excellent situation of army-civilian unity and mutual support.

Representatives of the national model double-support cities (counties) spoke at the meeting.

Also present were leading officials of the National Leading Group for Double Support Work, Beijing Municipality, and the Beijing Military Region.

### **Liu Huaqing Addresses Meeting**

*OW2507134594 Beijing XINHUA Domestic Service in Chinese 1203 GMT 22 Jul 94*

[Speech by Liu Huaqing at a national meeting to name model double-support cities (counties) on 22 July]

[Text] Comrades:

On the eve of the 67th anniversary of the founding of the People's Liberation Army [PLA], the National Leading Group on Double-Support Work, Ministry of Civil Affairs, and PLA General Political Department jointly held a meeting to name model double-support cities and counties, to exchange experience in this regard, and to commend the advanced. This has great significance for further improving double-support work, strengthening the solidarity between the military and government and between the military and people, for boosting reform and development, and for ensuring stability. On behalf of the party Central Committee, State Council, and Central Military Commission, I hereby extend my warm congratulations to the named model double-support cities (counties); and give my cordial regards to the officers and men of the PLA and Armed Police troops, to demobilized and retired servicemen, and to the families of revolutionary army men and martyrs.

Supporting the army and giving preferential treatment to families of revolutionary army men and martyrs, and supporting the government and cherishing the people are a good tradition of our party, our army, and the Chinese people—they are our exclusive political advantages. Whether during the revolutionary war times or during peaceful construction, under the leadership of the CPC, our army and civilians have gone through thick and thin and have struggled in unison, enabling us to achieve the Chinese nation's liberation and our country's independence; and to win great victory in our socialist revolution and construction. Since the Third Plenary Session of the 11th CPC Central Committee, double-support work has played an important role in China's great historical change, building socialism with Chinese characteristics, ensuring the motherland's security and unity, and in preserving social stability. Since last year's meeting to commemorate the 50th anniversary of the Yanan Double-Support Campaign, we have achieved new development and results in our double-support work. To carry

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out the party's basic line, the great numbers of servicemen and people have united as a body, firmed up their conviction, and worked diligently, ensuring that double-support work develops along the correct course. To keep pace with the situation of building a socialist market economic system, they have studied new developments and strived to solve new problems, thus injecting new vitality into double-support work. To institutionalize, regularize, and socialize double-support work, they have continued to establish and refine relevant policies, regulations, and procedures, enabling double-support work to take root at the grass-roots level. The purpose of this meeting is to examine the results of double-support work over the last few years. Representatives from across the country and from all military units are gathered here to chat about their admiration for each other. This fully demonstrates that our army and people have always worked with one heart and one mind, and have struggled in unison; this also demonstrates the strong will of the broad masses of our servicemen and people to dedicate themselves to achieving our cause and to promoting the Four Modernizations.

Our country's reform, opening up, and modernization are at a crucial phase now. In their work, the whole party and nation should take into consideration the overall situation of seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability. Effective double-support work, and further efforts to strengthen unity between the army and government and between the army and people, are especially significant to obeying and serving this overall situation. Comrade Jiang Zemin pointed out: We should "conduct extensive, in-depth, and sustained activities to support the government and cherish the people and to support the army and give preferential treatment to families of revolutionary army-men and martyrs, and develop the excellent situation characterized by army-government and army-people unity and mutual support." Recently, he further pointed out that it is particularly important to promote army-government and army-people unity in the new situation. We should meet Comrade Jiang Zemin's demands, keep in mind the overall situation, serve the central task, be consistent, and stress implementation so as to bring double-support work onto a new plane and to better serve reform, opening up, and socialist modernization.

**Preserving social stability should be the main task of our present double-support work.** Social stability is a necessary requisite for smooth progress in reform and opening up, and for us to concentrate our energies on economic development. The world today is undergoing a complicated and deepgoing change, and the international situation is relaxing on the whole. The world is not peaceful, however. Some countries and regions face turbulent situations and are war-ridden, and hegemonism and power politics still exist. Our country's reform and opening up have entered a crucial phase where overall advancement and key breakthroughs are being made. A series of major measures have been adopted to build the

socialist market economy, and the scale and intensity of reform are unparalleled. In an important period such as this, we must preserve social stability more than ever, and the whole party and army and all nationalities in the country must all the more work together with one heart. The strong unity between the army and government and between the army and people are the solid foundation and reliable guarantee for preserving social stability. Double-support work should be subordinated to and serve the overall situation of reform, development, and stability, and should closely revolve around preserving social stability. We should guide the broad masses of the army and people to seriously study the theory of building socialism with Chinese characteristics, to unify thoughts, to reinforce faith, and to hold steadfast to the party's basic line; and rally them together on a common political ground so that they will unite and struggle toward a common goal. Through such activities as joint efforts by the army and people to build spiritual civilization, we should promote a healthy social atmosphere, cultivate new civilized habits, use healthy and progressive ideology and culture to resist the corrosion and influence of decadent bourgeois ideology, promote socialist spiritual civilization, and create a fine social environment for reform, opening up, and modernization. The socialist market economy's construction is a profound transformation which involves readjustment of the setup involving and relations between different interests, and which will have a major impact on the relations between the army and people. With a high sense of political responsibility, party, government, and army leaders at all levels should promptly and properly solve new problems in the army-people relations, and to actively take the initiative to promote unity. The army and localities should attach importance to party and state interests, painstakingly protect army-government and army-people unity as they will their own eyes, so that such unity will continue to be consolidated and developed and can withstand the test of any storms.

**We should improve the combat readiness of our troops through the development of social productive forces.** Double-support work has always been carried out in such a way as to serve the party's central task. During different historical periods, our motives and goals in carrying out double-support work, regardless of its concrete substance and form, has always been the liberation and development of social productive forces and the improvement of combat readiness. Comrade Deng Xiaoping noted poignantly: Development is the last word. Concentrating on economic construction is the only way to realize national development and prosperity, and holds the key to ensuring the invincibility of the socialist system. In carrying out double-support work, we must keep close track of and serve the central task of economic construction. Also, we must be aware that a strong People's Army and strong national defense serve as a powerful basis for smooth progress in reform and construction, and provide a reliable guarantee for consolidating state power and developing the economy. We must be mindful of

danger in time of peace and further fortify our defenses. We should correctly handle the relationship between economic construction and national defense, and make overall plans so that the two will promote each other and move forward in unison. Under the new situation, the PLA should always keep in mind the goal of serving the people wholeheartedly, and conscientiously serve the overall interest of national construction. Apart from completing various educational and training tasks, it should actively support and participate in the drive for reform, opening up, and modernization; take the initiative in undertaking dangerous and heavy tasks; aid the poor; and bravely help in disaster relief operations so as to make new contributions to national prosperity and development. Local party committees and governments at all levels should unremittingly carry out national defense education among the people, continue to heighten their awareness of the importance of national defense, and foster a good atmosphere in society of caring for and cherishing the Army and supporting army building. As in the past, we should help troops solve practical problems pertaining to war preparedness, the execution of duties, training, and construction. We should earnestly protect military installations. We should consider the resettlement of demobilized and retired soldiers a political mission, and carry it out well. We should properly resolve problems concerning the simultaneous relocation of officers and their dependents, job arrangements for their dependents, and the enrollment of their children in school. We should take special care of family members of revolutionary martyrs, and disabled servicemen. Through the joint efforts of the army and local authorities, we should expand the role of double-support work in promoting the development of social productive forces and in improving the combat readiness of troops.

**We should consider double-support work a long-term strategic task and carry it out unflaggingly.** If the Army and the people are united as one, who in the world can match them? This is an irrefutable truth. This holds true in both the revolutionary war and peacetime construction. Properly carrying out double-support work, and enhancing unity between the Army and the government and between the Army and the people, have a bearing on long-term peace and stability in the country and on the People's Army's construction and development. Party, government, and military leaders at all levels should fully recognize the significance of double-support work. They should consider double-support work a long-term strategic task, place it high on their agenda, and carry it out in a down-to-earth manner. Keeping the needs of grass-roots units in mind, they should stress practical results and conscientiously focus on grass-roots units, such as factories, neighborhoods, villages, schools, and companies. They should provide detailed guidance, solve practical problems, facilitate the execution of work, and lay a solid foundation for unity between the Army and the government and between the Army and the people. Activities aimed at selecting model cities

(counties) in double-support work were pioneered by our Army and people. Practice over the past few years attests to the important role of such activities in arousing the initiative of all sectors, in improving the general standard of double-support work, and in promoting material and spiritual civilization. We should seriously sum up our experiences, constantly improve quality, stress social benefits, and carry out such activities over the long term. We should seriously study and actively explore policies, organizational leadership, work methods, and the forms of activities for double-support work that is consistent with the new situation, so that we will go on developing, creating, and advancing in carrying out double-support work in practice.

Comrades: Our country's drive for reform, opening up, and modernization has entered a very important historical period. The new situation and new tasks have set new and even stricter demands for double-support work. Therefore, we should achieve even greater success in double-support work and foster greater unity between the Army and the people. Let us rally closely around the CPC Central Committee with Comrade Jiang Zemin as the core; carry forward the fine tradition of regarding the Army and the people as one family whose members are inseparable as fish and water; share weal and woe with all hearts beating as one; and courageously advance along the path of socialist with Chinese characteristics!

#### **Emulation of Model Double-Support Cities Urged**

*HK2607100694 Beijing RENMIN RIBAO in Chinese  
23 Jul 94 p 1*

[Commentator's article: "Do Well in Double Support and Serve the Whole Situation"]

[Text] On the eve of greeting Army Day on 1 August, a grand ceremony to name model double-support cities (counties) nationwide was called in Beijing by the Leading Group in Charge of Nationwide double-support Work, the Ministry of Civil Affairs, and the General Political Department. The CPC Central Committee, the State Council, and the Central Military Commission set much store by this meeting and Jiang Zemin and other leading comrades met with delegates to the meeting and made remarks. This meeting will play a positive role in better carrying out double-support work nationwide. Comrade Jiang Zemin pointed out: Under the new situation, we can definitely build well socialism with Chinese characteristics as long as the Army and the masses unite closely with each other. This has demonstrated the orientation of further accomplishing double-support work in the new period.

Supporting the Army and giving preferential treatment to families of revolutionary soldiers and martyrs and supporting the government and cherishing the people is the fine tradition of our party, our Army, and our people as well as our unique political superiority. During the war years of "everything for the front line" and during the years of peace with "economic construction at the



center," we have vigorously expedited the development of the Chinese causes of revolution and construction by carrying out double-support work to unite vast numbers of army men and civilians. At present, our reform, opening up, and socialist modernization is in a very critical period. Seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability [zhua zhu ji yu, shen hua gai ge, kuo da kai fang, cu jin fa zhan, bao chi wen ding 2119 0145 2623 6657, 3234 0553 2395 7245, 2368 1129 7030 2397, 0191 6651 4099 1455, 0202 2170 4489 1353] is the overall situation of the work of the whole party and the whole nation. Faced with the glorious but arduous task entrusted to us by history, the whole Party, the whole Army, and the people of all nationalities throughout our country need to unite closely with each other. Doing well in double-support work and enhancing the unity between the Army and the government and between soldiers and the masses can arouse the patriotic enthusiasm of vast numbers of soldiers and civilians and inspire our national spirit to overcome every obstacle and to create a stable social environment. It can also embody the Army's morale and the people's common aspiration, give play to our military and civilian superiority, and surmount every difficulty, thus forming a mighty force to expedite our reform, opening up, and socialist modernization.

To unremittently accomplish double-support work, we have to encounter new circumstances, study new conditions, and solve new problems. The establishment of a socialist market economic system touches every sphere, including our economic, political, cultural, and social lives, which has opened vast vistas for double-support work and given us new vigor and vitality but has also brought about some new conditions, problems, and conflicts. Hence, both soldiers and civilians are required to conscientiously investigate and vigorously study the policies and system, organizational leadership, working method, and form of operation of double-support work in line with the new situation, thus making the work systematic, regular, and socialized. In carrying out double-support work, we must insist on the guidance of the basic party line of "one center, two basic points" and firmly grasp the center of economic construction to serve the task of developing the social productive forces of our society. Moreover, we must properly handle the relationship between economic construction and the building of national defense to serve the task of improving our troops' combat strength. We must, by launching such activities as building advanced units through the joint efforts of soldiers and the masses, encourage healthy trends, set up new conditions, promote the progress of our socialist culture, develop a stable and united political situation, and create a good social environment for reform, opening up, and modernization.

The foundation of unity between soldiers and the masses lies at the grass roots. We must insist on placing the focus of double-support work at the grass roots and devote our energies mainly to doing real work. We must insist on

paying special attention to details in normal times and to solving concrete problems at the grass-roots so that double-support work can be implemented in factories, villages, neighborhoods, schools, and companies, thus laying solid foundations for unity between the Army and the Government and between army men and the masses. The activities of establishing model double-support cities (counties) launched in various localities over the past few years are an important form of double-support work in the new period as well as an innovation of our soldiers and the masses. As proven by practice, these activities have played an important role in forging closer links between army men and the masses, in expediting the building of the two civilizations, and in raising the overall standard of double-support work. We must conscientiously sum up and popularize the experience of the model double-support cities (counties) named this time so that this kind of activity can be carried out in an extensive, in-depth, and persistent manner; the process of establishing model double-support cities (counties) can be transformed into a process which double-support work constantly develops and improves; and model double-support cities (counties) can really bring their exemplary role into play.

"We will be invincible if our soldiers and the masses are united as one!" Let the Army and the government and our army men and the masses be more closely united under the party Central Committee's leadership with Comrade Jiang Zemin at the core. Let us share our breath and destiny, link our hearts with each other, and constantly make new contributions to expediting the undertaking of reform, opening up, and socialist modernization!

#### Military Reportedly Criticizes Foreign Ministry

HK2507130494 Hong Kong CHENG MING in Chinese No 201, 1 Jul 94 pp 6-8

["Notes on Northern Journey" by Lo Ping (5012 0393): "CPC Military Attacks Ministry of Foreign Affairs"—first paragraph is CHENG MING editor's note]

[Text] Between the National People's Congress [NPC] session in March and 2 June this year, the Ministry of National Defense, the General Logistics Department, and the party committee of Norinco [Northern Industrial Corporation—a PLA-funded arms and industrial conglomerate] successively directed criticisms against the Ministry of Foreign Affairs. There are indications that the military has initiated a series of attacks against the Foreign Ministry and Qian Qichen. The paramount leader finally took up the matter and spoke in Qian's defense, but this has set a precedent for military intervention in government affairs, and the future turn of events is worth watching.

#### Chinese Military Attacks the Foreign Ministry

According to rumors circulating overseas, Qian Qichen's position is not secure. Qian Qichen has requested permission to resign from his position as foreign minister.



the CPC's top hierarchy is considering major personnel changes for the Foreign Ministry....

On 10 June, a Foreign Ministry spokesman refuted these rumors as sheer fabrications.

Is talk about Qian Qichen's resignation really nothing but rumors?

#### **Rumors about Qian Qichen's Resignation**

As early as early April, there were already signs that Qian Qichen had come under attack from certain top party leaders. In its May issue, CHENG MING carried a report, entitled "CPC Military Intervenes in Policy Toward the United States." The report discussed some observations on Sino-U.S. relations made in a meeting called by the Secretariat of the CPC Central Committee on 1 April this year and attended by various central ministries, commissions, and offices, as well as by the party committee secretaries and propaganda chiefs of various provinces (autonomous regions) and municipalities. The report said: "What merits attention is that such an important meeting in respect of foreign affairs was co-chaired by Politburo Member Ding Guangen, who is in charge of ideology, and Chief of General Staff Zhang Wannian, while Politburo member and Vice Premier Qian Qichen, who is in charge of foreign affairs, was noticeably absent. This seems unreasonable. Moreover, it was not the foreign affairs system or the department in charge of foreign affairs, but rather the General Staff Department and the Policy Research Office of the Central Military Commission which submitted the report on the establishment of a global united front against hegemony to the Standing Committee of the Political Bureau when the opportunity arose. This is rather unusual. When hegemonists outside the country try to intervene in China's internal affairs, they find it necessary to protest, but when the military within the country try to intervene in government affairs, they see no need to protest. The 'subtle meaning' of this is not yet clear and has yet to be clarified by future developments."

In order to unveil the mystery and trace the source of the rumors, we visited some insiders in Beijing.

#### **Views of Some NPC Standing Committee Members**

Rumors about Qian Qichen's resignation from the post of foreign minister probably started in mid-May during the Seventh Session of the NPC Standing Committee. At that time Li Xuge, Wu Jinghua and four other NPC Standing Committee Members submitted a proposal to the Presidium, requesting that State Council Vice Premier Qian Qichen be invited to brief the session on the government's current policies toward the United States, the British stance on the Hong Kong issue, and the revival of militarism in Japan. Their proposal was endorsed by 15 Standing Committee Members from the central and local levels, including Yu Hongen, Wang Chaowen, Qu Geping, He Kang, Lin Zongtang, Cai Cheng, Xiong Qingquan, Li Xuezhi, and Yang Zhenya.

This aroused the concern of the Political Bureau. Qiao Shi, Qin Jiwei, Bo Yibo, and Li Desheng took up the matter and announced that policies toward the United States were decided upon by the Central Committee and that no compromise or bargaining had ever been made on matters of sovereignty and principle. They also pointed out that the Central Committee and Comrade Xiaoping had a high opinion of the work of the Foreign Ministry and gave Comrade Qian Qichen very high marks for his implementation of the Central government's foreign policies and for his skillful and principled grasp of the Taiwan and Hong Kong issues.

When disclosing this piece of information, an NPC deputy noted that although his colleagues did not formally speak out against Qian Qichen himself until May, they had pointed out problems about the Foreign Ministry's work in general a long time ago. He said that as early as in March this year, when the Second Session of the Eighth NPC was being held, the PLA delegation had put forward eight suggestions and views regarding the foreign relations work of the Foreign Ministry, the State Council's policies toward the United States and Japan, and Qian Qichen's foreign affairs stance. It was only because Li Desheng and General Yang Dezhi had personally called on and lobbied the delegation at the guest house where they stayed that they had not pursued the matter further at the NPC session.

#### **The Military Points Out Foreign Ministry's Mistakes and Holds Qian Responsible**

What merits attention is the military's involvement in criticising and reproaching Qian Qichen.

In mid-May, the National Defense University newsletter, QINGKUANG JIAOLIU No. 117, carried an article entitled, "A Different View on China's Foreign Policy," in which the Foreign Ministry was criticized as being rightist.

Subsequently, on 25 May, the National Defense University and Academy of Military Sciences jointly held a conference on "China's Foreign Policy and Policy Toward Taiwan." At the conference, they pointed out the serious rightist tendencies in the ministry's handling of issues, such as the United States' gross political interference in China's internal affairs, the instigation and backing of hostile elements abroad, scrapping of the three Sino-U.S. joint declarations, and sales of sophisticated naval and air weapons to Taiwan, the resurgence of militarism in Japan, and Britain's political challenges to China on the Hong Kong question. The conference asked: Is this because of mistakes in the foreign policies of the Central Committee, or is this because the Foreign Ministry under the State Council has deviated from the foreign policies of the Central Committee? It said that the Foreign Ministry must clarify its position and that Foreign Minister Qian Qichen should be made accountable.

The conference listed over 30 mistakes made by the Foreign Ministry. These included tolerating U.S. interference in China's internal affairs, receiving American

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politicians in a way which was well in excess of usual protocol, and tolerating their activities in China; abandoning China's principled stand at the UN Security Council in order to stay on good terms with the United States; failing to lodge protests against American interference on the questions of Tibet and Hong Kong; failing to expose gross human rights violations in America; failing to respond strongly to U.S. sales of sophisticated weapons to Taiwan and to the undermining of the Sino-U.S. joint declarations; failing to take countermeasures against the American interception of "the Yinhe" on the high seas, against U.S. and British intervention in China's Olympic bid and against Britain's policy about-face vis-a-vis China; and failing to voice necessary opposition against the Japanese Government for toeing America's anti-China line in international politics and against the revival of militarism in Japan.

The conference pointed out: China is weak in its foreign policy vis-a-vis the United States, because it tries to obtain equal bilateral trade relations and so-called normal Sino-U.S. relations through compromise, forsaking its principles, and tolerating U.S. interference. In the name of its participants, the conference prepared a letter to the CPC Central Committee and State Council demanding Qian Qichen's resignation. The letter was withheld at the last minute by Zhu Dunfa, chancellor of the National Defense University, and Zhao Nanqi, president of the Academy of Military Sciences on the orders of the Central Military Commission. They also told the conference participants that they must unconditionally comply with the Central Committee's decisions and that the Foreign Ministry under the State Council was a ministry which resolutely implements the policies and principles of the Central Committee.

#### **The Military Negates the Speech Made by the Foreign Ministry Spokesman**

On 2 June, the Ministry of National Defense, the General Logistics Department and the party committee of Norinco, in response to the U.S. decision to continue sanctions against Chinese weapons and high-tech imports while announcing the granting of most-favored nation status to China, indicated to the State Council that it must take appropriate countermeasures. The Foreign Ministry spokesman's subsequent comments on the announcement by the U.S. President was that the Foreign Ministry briefing on the matter was very incomplete and could not reflect the government's policy toward the U.S.

From the above, we can see that the CPC military has indeed been plotting against Qian. The PLA delegation first launched an offensive during the NPC and CPC National Congress in March. Subsequently, on 1 April, at the above-mentioned meeting called and chaired by the CPC Secretariat, Qian Qichen was excluded. Was the CPC Secretariat on the side of the military in plotting against Qian? What part did Hu Jintao and Ding Guangen play in all of this? The National Defense

University directly criticized Qian Qichen in one of its internal publications in mid-May and held a conference on China's foreign and Taiwan policies in conjunction with the Academy of Military Sciences on 25 May, openly calling Qian Qichen to account. All these facts indicate that the military is engaged in a calculated plot against Qian, and that some members of the CPC Central Committee back the military. This unusual situation aroused the concern of the paramount party leader. Finally, Jiang Zemin intervened.

#### **The Central Committee Steps Forward To Bail Qian Qichen Out**

On 8 June, Jiang Zemin pointed out at a regular meeting of the Political Bureau: The Central Committee highly values the work of the Foreign Ministry. China's foreign policies are decided upon by the Political Bureau and passed by the Central Committee, and the Foreign Ministry has firmly implemented these policies. Comrade Xiaoping has time and time again praised that Qian Qichen is a gifted and intelligent diplomat with principles and an easy manner. There are not many diplomats like him in the Foreign Ministry, and more diplomats like him should be fostered. Liu Huaqing, Zhang Zhen, Wang Ruilin and others personally called on Armed Forces units to relate the views of Deng Xiaoping and the Central Committee.

#### **Qian Qichen's Career Path**

To be frank, most members of the Political Bureau and State Council are mediocre, and Qian Qichen is one of a few intelligent leaders. Take the position of foreign minister, for example. Since the CPC took power, the position has been filled by two types of persons, namely, bureaucrats who were appointed on the merit of their seniority in the revolution, such as Chen Yi, Ji Pengfei and Wu Xueqian, and bureaucrats with some experience in the foreign service, such as Huang Hua and Qiao Guanhua. Qian Qichen is the only foreign minister who is a career diplomat. This is quite rare for the CPC. Hence, he is also quite a competent Foreign Minister (at least a head taller than Ji Pengfei and Wu Xueqian). Of course, promotion and dismissal within the CPC hierarchy do not always depend on ability, experience or competence, since personal ties also play an important role. Qian Qichen has quite a strong background in this respect. In the 1950's, he was head of the Students Affairs Section in the Soviet Embassy when Li Peng was Chairman of the Chinese Students' Union in the Soviet Union. Through work contacts the two cultivated a personal friendship. In the personal connections network of the CPC hierarchy, he is considered to be in the Li Peng camp and therefore should not lose power or influence at this stage.

#### **Qian Qichen is Still Active**

What merits attention is that the day after Jiang Zemin stepped in to speak in defense of Qian Qichen at the regular meeting of the Political Bureau on 8 June, a

report meeting was called by the Propaganda Department of the CPC Central Committee, the Work Committee for Organs under the Central Committee, the Work Committee for Central Government Organs, the PLA General Political Department and the Beijing Municipal CPC Committee. At the meeting, Qian Qichen spoke on the international situation and China's foreign relations in his capacity as Politburo member, vice premier of the State Council, and foreign minister. The meeting, incidentally, was chaired by Ding Guangen.

What does this mean?

Was this intended as a corrective move to make up for omitting Qian Qichen from the 1 April meeting? If so, did Hu Jintao and Ding Guangen act on their own, or did they act on the decision of the Central Committee?

The answer depends on future developments.

The military has been casting a covetous eye on the Foreign Ministry for some time. As early as the 1980's, the information unit of the military (Section Two of the General Staff Department) submitted a report to the Central Committee in conjunction with another information unit, the Central Investigation Department, in which was listed the names of embassies in major countries and regions to be taken over from the Foreign Ministry. The majority of the countries in the list were the developed countries of North America and Western Europe. In name, these embassies would still be under the Foreign Ministry, but in reality they would all be under their control. Not only diplomats, but also ordinary workers, like cooks, barbers and chauffeurs, would be arranged and posted by them. Deng Xiaoping may be muddle-headed at times, but he happened to be quite sober-minded when he read this report. He resolutely opposed the idea and noted on the report that on no account must regular embassies be turned into intelligence bases. It was only then that the swollen arrogance of the military was suppressed.

#### **Military Intervention in Politics is Indeed Worrying**

Some ambitious people in the military want to make a breach in the Foreign Ministry in their attempt to gain total control over the government. They yearn for the "sweet times" of supporting the left during the Cultural Revolution. At that time, military representatives assigned to various central ministries during the support the left drive all became ministers in uniform one after another. Bai Xiangguo, who later became foreign trade minister and was given the nickname "Minister of Merry-making" by Zhou Enlai, acted like a warlord when assigned work at the local level. His wife, too, was given the position of manager of the Beijing Hotel, and she fouled up the whole place. There was also Wang Meng, who became director of the State Physical and Sports Commission. No one can forget their warlord-like behavior. Even the "leftist king" Deng Liqun fell victim to this trend. His "Yanan Beauty" wife was at that time

attending the Xianning May 7 Cadre School in Hubei. She threw herself into the arms of the local military representative and used her beauty and body to secure the chance of a quick transfer back to Beijing, thereby making a cuckold out of the "leftist king." At this special historical juncture, as the Deng Xiaoping era enters its last phase, some members of the CPC military are again trying to make a breach in the Foreign Ministry in their attempt to gain total control. Will Chinese history return to the days of the Northern warlords? It is indeed worrying.

#### **Yu Yongbo Addresses Army Forum on Personnel Training**

OW2507022294 Beijing XINHUA Domestic Service in Chinese 1124 GMT 14 Jul 94

[By RENMIN RIBAO reporter Jia Shaoquan (6328 2507 0356) and XINHUA reporter Jia Yong (6328 3057)]

[Text] Beijing, 14 Jul (XINHUA)—At the all-Army forum on the work of training competent personnel for both military and civilian services, which ended here today, participants called on all military units to raise the work to a new level to meet the requirements for the Armed Forces' modernization and the socialist market economy's development.

Liu Huaqing and Zhang Zhen, Central Military Commission vice chairmen, met with all delegates during the forum.

The task of training personnel for both military and civilian services was initiated by Comrade Deng Xiaoping for the benefit of the country, the Army, and the people. In recent years, new progress has been made by the Army in making the study of scientific and cultural subjects and the work of training personnel for both military and civilian services a major part of education and training in all military units. In 1993 alone, more than 500,000 veteran fighters received training in military and political affairs and in knowledge applicable to civilian service, of whom 300,000 received civil service technology qualification certificates, and 110,000 cadres received diplomas at or above the college level after attending colleges while still in the military service. At the same time, various military units have attached importance to the study and research of high-technology knowledge. At the forum, 19 typical units and individuals introduced their experiences.

At the forum, Yu Yongbo, Central Military Commission member and General Political Department director, stressed: The core leaders of the party's three generations of leading collectives have attached great importance to the training of personnel. Under the initiative of Chairman Mao Zedong, our Army began to pay attention to education in the 1950's and 1960's. When Comrade Deng Xiaoping called for the training of personnel for both military and civilian services in the 1980's, an upsurge of training such personnel was whipped up

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throughout the Army. Comrade Jiang Zemin has repeatedly stressed that it is necessary to carry forward the tradition of the party and the Army in attaching importance to personnel training. The work of training personnel is a long-term strategic task because it is an important matter concerning the modernization of the country and the Armed Forces. A large number of highly competent personnel are needed for the Armed Forces' modernization and the socialist market economy's development. With this in mind, we must unswervingly implement the instructions of the party Central Committee and the Central Military Commission, paying particular attention to their implementation, and strive to do our scientific, cultural, and educational work and the work of training personnel for both military and civilian services in a better way. He said: Being like a giant university, our Army has special advantages in training personnel. During the war years, it attached importance to cultural work while engaging in fighting. As a result, a large number of outstanding personnel were tempered. In the past ten years or so, new experiences in training personnel have been created, and as a result, a large number of outstanding personnel have been trained for the Army and national construction. Practice has shown the work of training personnel for both military and civilian services has strong vitality and bright prospects. All military units must further strengthen leadership over the work of training personnel and strive to do this work well in accordance with the principle of "simultaneously adopting various channels while making education and training the principal ones." Cadres and fighters must foster an outlook on personnel that meets the new situation's requirements in accordance with the objective of training themselves into revolutionary soldiers who have ideals, moral integrity, and who are educated and well-disciplined; strive to temper themselves into personnel who meet the needs for the modernization of the country and the Army; and have the ability to compete. Proceeding from reality, we should strive to improve efficiency in the work of training personnel.

Attending the forum were Xu Caihou, General Political Department deputy director, and leaders of the General Political Department's Propaganda Department, the propaganda departments of the Military Regions, as well as leaders of the Ministries of Civil Affairs and Labor, the State Education Commission, and other relevant departments.

#### Further on Yu Yongbo Speech

OW2507044294 Beijing XINHUA Domestic Service in Chinese 1222 GMT 15 Jul 94

[By reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 15 Jul (XINHUA)—An all-Army mass work conference, which ended here today, called on all Army units to carry forward the fine tradition of supporting the government and cherishing the people to

consolidate and develop the excellent situation of unity between the Army, the government, and the people, and to forge closer flesh-and-blood ties between the Army, the government, and the people so as to contribute more to China's reform, development, and stability.

The all-Army mass work forum was convened with the Central Military Commission's [CMC] approval. At the forum, attendees studied and implemented in depth, a series of CMC leading comrades' important instructions on strengthening unity between the Army, the government, and the people, and discussed ways for improving the Army's mass work to deepen support for the government and cherish the people even more under the new situation arising from reform, opening up, and the development of a socialist market economy.

Yu Yongbo, CMC member and General Political Department director, spoke at the forum. He said: The party Central Committee and the CMC have attached great importance to strengthening unity between the Army, the government, and the people under the new situation. CMC Chairman Jiang Zemin, speaking at numerous important meetings and troop inspections, has emphasized that we must cherish the unity between the Army, the government, and the people like the pupils of our eyes, and must understand the unity's strategic importance in light of the nation's long-term stability and order and the Army's long-range construction. Recently he again gave an important instruction on strengthening unity under the new situation. CMC vice chairmen Liu Huaqing and Zhang Zhen have also repeatedly stressed the needs to carry forward the glorious tradition of unity between the Army and the people, to respect local governments, to cherish the masses, and to continually forge flesh-and-blood ties between soldiers and civilians. We must grasp the essence of the CMC leading comrades' instructions, and must thoroughly understand that strengthening the unity between the Army, the government, and the people under the new situation is an urgent demand for safeguarding the overall situation of reform, development, and stability; and that this is a cardinal issue concerning the maintenance of the nature and objective of the People's Army, as well as a requirement for carrying out the Army's duties.

He said: As early as the war years, Chairman Mao described unity between the Army and the people as an important principle of the Army's political work. Comrade Deng Xiaoping exhorted us during the early stage of reform and opening up that "the principle of unity between the Army and the people should not be changed." That the older generation of proletarian revolutionaries attached such importance to unity between the Army and the people is precisely because it epitomizes the nature of the People's Army and is a magic weapon for us to overcome difficulties and win victories. In carrying forward the fine tradition of unity between the Army and the people and strengthening unity between the Army, the government, and the people, it is



necessary to, first and foremost, adopt a correct approach with regard to the mass work. We must respect and cherish the masses, conscientiously observe discipline, and safeguard the people's interests under all circumstances. We must uphold high standards, set strict demands, and properly handle problems in relations between the Army and the people.

He urged all Army units to study closely new circumstances and problems cropping up under the new situation of reform, opening up, and the development of a socialist market economy, so as to fire the enthusiasm of all quarters, to carry out the work in a solid and effective manner, and to continually consolidate and develop the relations between the Army, the government, and the people, who share a common destiny and whose hearts are linked to each other.

Zhou Ziyu and Xu Caihou, General Political Department deputy directors, attended the forum. Representatives from 14 Army units outstanding in the mass work gave reports on their experiences.

#### **Fu Quanyou Discusses Army Production, Consumption**

*OW2307220994 Beijing XINHUA Domestic Service in Chinese 1124 GMT 15 Jul 94*

[By correspondent Hua Chunqing (5478 2504 7230) and reporter Guo Diancheng (6753 3013 2052)]

[Text] Shenyang, 15 Jul (XINHUA)—Speaking today at an all-Army experience-sharing meeting on production and consumption at the grass-roots level, Fu Quanyou, member of the Central Military Commission [CMC] and director of the People's Liberation Army General Logistics Department, said emphatically: The improvement of military production and consumption will not only generate good returns for the economy and Army but will also yield good social benefits. It is a good undertaking that will benefit the country, Army, and people, as well as a long-term strategic task for strengthening Army building.

Fu Quanyou stated: The improvement of military production and consumption is an important aspect of our Army building concept, as well as an embodiment of the People's Army's true qualities. Having played a very important role in building and developing our Army, it is still of paramount importance under the new historical conditions. Our military provisions are still of low quality, and their rapidly changing market prices have greatly affected military life and impeded command operations. This is a glaring problem that needs to be solved earnestly. We must gain a profound understanding of the CMC's relevant important directives, and improve military production and consumption to enhance the Army's rallying power and appeal. Only if we improve military production and consumption will our officers and men become physically strong, show

great enthusiasm for war-preparedness training, improve their combat effectiveness, and better perform their basic duties.

Fu Quanyou stated: We can reduce the burdens of the state and people if we improve agricultural and sideline production in the Army. In particular, improved production in areas with fairly large concentrations of troops can relieve the pressure on market supplies and help roll back market prices. In improving production and consumption, Army units have trained large numbers of skilled personnel, who have contributed to local economic development after being discharged from military service, and who have become experts in leading local people from poverty to prosperity.

Fu Quanyou set new demands for improving all-Army production and consumption. He said: We should deepen reform and promote development. We should firmly foster market concepts, efficiency concepts, and the concept of serving the need to improve combat effectiveness. We should further improve the production and consumption system, with farms as the backbone, nonstaple foodstuffs production bases and service centers as the intermediary link, and agricultural and sideline production at the grass-roots level as the basis. In keeping with the evolving new situation, we should reform both our production and consumption management methods and our military supply system. Through such reforms, we can bring military production and consumption in line with the general law of the market economy while fulfilling the special demand for a high degree of centralization and unity in the Army. We can also facilitate supplies in times of both peace and war. He added: To deepen reform and seek development, we must devote great efforts to improving efficiency, and give priority to training skilled personnel and developing science and technology. Military leaders at all levels should provide stronger leadership in production and consumption. Chief military and administrative officials should devote personal attention to relevant matters. Headquarters, political departments, and logistical departments of military regions and districts should work in concert to improve military production and consumption.

#### **CMC Names Vanguard Submarine Force**

*SK2407061694 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 23 Jul 94*

[Text] On 22 July at a certain unit of the North China Sea Fleet, a grand rally was held by the Central Military Commission to confer the honorable title of vanguard underwater submarine on the no. 11 submarine force located at a certain submarine base within the People's Liberation Army [PLA] naval forces. Li Jing, deputy chief of the General Staff of the General Staff Department of the PLA, read out the order signed by Jiang Zemin, chairman of the Central Military Commission. Zhang Lianzhong, commander of the PLA Navy, issued the banner and prize to the force. (Yang Qinghuai).

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deputy political commissar of the navy, presided over the rally. Deng Zhaoxiang, vice chairman of the National People's Political Consultative Conference Committee, and Fang Qiang, former deputy commander of the navy, also attended the rally.

On behalf of the provincial party committee and the provincial government, Shao Guifang, secretary general of the provincial government, read out the congratulatory message to the vanguard underwater submarine force.

The no. 11 submarine force located at a certain submarine base within the PLA Navy is the first main force of nuclear-powered submarines within our army. Since it was organized, it has splendidly fulfilled a series of major tasks; has helped scientific research institutes and production departments carry out many scientific and technological experiments; and has created many records in China's submarine history, such as the records for the longest time, the greatest voyage, and the highest speed.

#### **CMC Issues Circular on Strengthening Auditing Work**

*OW2507085594 Beijing XINHUA Domestic Service in Chinese 0724 GMT 12 Jul 94*

[By correspondent Wang Liu (3076 0491) and reporter Zhang Dongbo (1728 2639 3134)]

[Text] Beijing, 12 Jul (XINHUA)—The Central Military Commission [CMC] recently issued a circular relaying the "opinions concerning strengthening auditing work in the Army," which was jointly formulated by the General Staff, Political, and Logistics Departments. It demanded the entire Army strengthen auditing supervision, and make contributions to ensuring adequate logistical support and promoting army building.

The "opinions" of the three general departments stressed: Party committees at all levels should attach importance to auditing work and place it on their agenda. They should strictly enforce the auditing system and recruit the required number of auditors as soon as possible. All units and departments engaged in economic activities must subject themselves to auditing supervision and gradually legalize, systemize, and standardize auditing work such as fiscal budget; purchase and maintenance of equipment; expenditure for scientific research; capital construction; enterprise operation and management; and economic efficiency. They should always place financial and economic laws and discipline as well as auditing in an important position. Auditing, discipline inspection, and judicial departments should coordinate closely, firmly deal with and harshly crack down on serious economic crimes, and strictly investigate and punish violations of discipline and unhealthy trends in the economic arena.

The "opinions" clearly provides: Auditing departments should cooperate and coordinate with cadres and discipline inspection departments in making an objective and

fair appraisal of leading cadres' performances in implementing financial and economic principles and policies; enforcing financial and economic rules and systems; and managing financial matters, which will become an important basis for assessing and employing cadres.

The "opinions" noted: Auditing departments at all levels should independently exercise their right of auditing supervision according to laws and should be free from the intervention of other units or individuals. Departments at all levels should consciously subject themselves to auditing supervision. The acts of beating and retaliating against auditors must be seriously dealt with.

The three general departments' "opinions" demanded auditing organs within departments in charge of enterprises and in medium and large-sized enterprises be established and improved to strengthen supervision and management, and to increase economic returns. The "opinions" also demanded military auditor's offices be increased and allowed to fully play their role in service, communication, notarization, and supervision.

Finally, the "opinions" stressed: Cadres with an honest and upright ideology and workstyle as well as professional knowledge should be selected and assigned to auditing departments on the principle of promoting people with both ability and political integrity, and with a view to truly building up the ranks of auditors. The broad masses of auditors should strictly observe professional ethics, uphold principles, work according to the law, be objective and fair, and exercise self-discipline.

#### **PLA Issues Environmental Protection Procedures**

*OW2207204294 Beijing XINHUA Domestic Service in Chinese 1015 GMT 12 Jul 94*

[By correspondent Tan Huaichun (6151 2037 2504) and reporter Cao Zhi (2580 2535)]

[Text] Beijing, 12 Jul (XINHUA)—The General Logistics Department of the People's Liberation Army [PLA] recently issued the "Procedures for Environmental Protection and the Management of Military Enterprises" and the "Procedures on the Environmental Protection Responsibility System for Persons in Charge of Military Enterprises" to logistics departments at and above the army level and to military-run enterprises. This is another important step by the military toward establishing a legal foundation for and regularizing environmental protection work.

The first procedures consist of 32 articles in five chapters. They define military enterprises' basic environmental protection tasks and responsibilities, and they set guidelines for the prevention, management, and monitoring of pollution and for giving rewards and imposing punishments. The second procedures place the environmental protection task directly on enterprise leaders' shoulders. The procedures' eight articles and provisions define the responsibility, authority, and obligation of the legal representatives of military enterprises for their

units' environmental protection work, and they set the standards for giving rewards and imposing punishments. The two procedures are supplementary regulations to the "Environmental Protection Regulations for the People's Liberation Army." The establishment and enforcement of the two procedures represent a new step toward establishing a legal foundation for and regularizing the environmental protection work of military industry and the PLA's repair troops (squads,) guesthouses, and hotels.

### Economic & Agricultural

#### Zhu Rongji Mulls Opening Yuan Deals to Foreign Banks

OW2607085294 Tokyo KYODO in English 0842 GMT 26 Jul 94

[Text] Tokyo, July 26 KYODO—Chinese Vice Premier Zhu Rongji has indicated to a top Japanese banker that Beijing is considering opening yuan deals to foreign banks, Japanese banking sources said Tuesday [26 July].

The sources said Zhu told Tadashi Okuda, president of Dai-ichi Kangyo Bank, when he visited Beijing in mid-July that China will fully study such a possibility. Zhu is also the head of the People's Bank of China, the central bank.

China may open yuan deals to foreign banks as early as next year, the sources told KYODO NEWS SERVICE, probably with certain conditions attached in the early stages. The potential liberalization would allow foreign banks to accept yuan deposits and extend yuan loans as well as converting the Chinese currency to foreign units. Currently, foreign banks in China are limited to such activities as loans in foreign currencies to joint ventures.

Beijing has been cautious about the liberalization, saying it could destroy Chinese banks, but a bank source said it seems the country is beginning to think that exclusive measures will not be beneficial for nurturing Chinese financial institutions.

Eleven Japanese banks operate in five Chinese cities and Zhu is said to have requested Japanese banks, which are mainly operating along coastal areas, to expand their business to inland China.

#### Zou Jiahua Urges Firms To Eliminate Losses

HK2507131794 Beijing XINHUA Domestic Service in Chinese 1147 GMT 21 Jul 94

[Article by RENMIN RIBAO reporter Mo Xinyuan (5459 2450 0337) and staff reporter Wu Jincai (0702 6930 2088)]

[Text] Beijing, 21 Jun (XINHUA)—The State Council held a national conference on stopping losses and increasing profits in Beijing today. In an important speech made at the conference, State Council Vice

Premier Zou Jiahua pointed out that taking firm control of the work to stop losses and increase profits is a key link of correctly handling the relationships between reform, development, and stability in light of the instructions of the party Central Committee and the State Council on running state-owned enterprises properly, so the work of stopping losses and increasing profits should be regarded as a major task of economic work this year, and, therefore, should be performed conscientiously.

Having comprehensively analyzed the current economic situation in the entire country, Zou Jiahua pointed out: To do the work of stopping losses and increasing profits well, first of all, it is necessary to correctly analyze the current condition of losses sustained by the state-owned enterprises. In the first half of this year, a good momentum was presented in the reform and development of these enterprises. For various reasons, however, the condition of losses is still relatively conspicuous now. The central authorities have taken this problem very seriously. Leading comrades of the central authorities, pertinent departments, and various provinces, autonomous regions, and municipalities have conducted extensive investigations and studies and have adopted some effective policies and measures to help enterprises overcome their difficulties and reverse the situation, so that the condition of losses in these enterprises has taken a noticeable turn for the better in the second quarter. Zou Jiahua said: Although we should not exaggerate the problem of losses suffered by state-owned enterprises, we should treat it seriously. We should not say that these enterprises are in a mess because of their losses, nor should we adopt a wrong attitude by showing indifference and by saying that losses in state-owned enterprises are inevitable. The difficulties and problems of these enterprises are caused by numerous reasons, and they can certainly be surmounted. As long as we resolutely implement central instructions on running state-owned enterprises well and pay close attention to work, conditions in these enterprises will certainly improve.

Zou Jiahua maintained that in order to do the work of stopping losses and increasing profits properly, it is necessary to correctly analyze the causes of losses suffered by these enterprises. At present, the major causes include: 1) the internal operation and management are poor and leadership has not been effectively exercised; 2) the debt burden of the enterprises is heavy and the proportion of self-generated funds for production and operations is excessively low; 3) equipment is outmoded and technology is low so that consumption of material remains high and products are not competitive; 4) enterprises bear heavy social burden; 5) the factors of increasing expenditure and reduced profits in these enterprises have grown; and 6) with the implementation of the "two regulations," hidden losses have become open losses, and thus the total amount of losses has increased.

Zou Jiahua set the following three demands on doing work to stop losses and increase profits properly in the



next stage: First, leading cadres at all levels should acquire a clear understanding of turning from deficits to profits from the high plane of developing a socialist market economy and safeguarding the work of the party and country as a whole. Comrades from some localities and departments have some incorrect understandings with regard to the problem of losses in state-owned enterprises. For instance, some people think that it makes no difference whether we tackle this problem or not, and that there are no effective measures even if it is tackled; others have placed hopes on the state to grant preferential policies and treatment to them; still others consider the work of eliminating deficits as being in conflict with development and feel that they can obtain quicker results by establishing new projects rather than making up deficits; and so on. Leading comrades in various localities and departments must not lose confidence in running state-owned enterprises well because of the difficulties they have encountered. In fact, under China's socialist system, there are a large number of enterprises which have been properly run through reform, opening up, and the transformation of operational mechanisms. The argument that it is inevitable for state-owned enterprises to incur losses and that it is hopeless for them to eliminate deficits are absolutely groundless. Leading cadres at all levels should strengthen their confidence, deepen understanding, seek unity of thinking, concentrate their main energies on overcoming difficulties and promoting growth for state-owned enterprises, and resolve specific problems in each enterprise in line with local conditions. In this way, the work to stop losses and increase profits is full of promise.

Second, we should probe into the internal causes, tap potential from management, and open up new paths to stop losses and increase profits. Enterprises must accelerate the readjustment of the product mix according to market demands, intensify internal management and tap potential in enterprises, vigorously push forward technological progress and transformation, mobilize the masses to make suggestions and launch "double increase and double reduction" activities [increasing production, practicing economy, increasing revenues, and reducing expenditures], and enhance personnel training and make necessary changes in leading groups which have proved incompetent. Third, governments at all levels should reinforce leadership, change their functions, and help loss-making enterprises resolve their actual difficulties. It is necessary to institute a responsibility system under which leading cadres should take personal responsibility for work in accordance with the targets of turning from deficits to profits for 1994, which have been transmitted by the State Council to relevant departments. These targets should be carried out in a planned, well-guided, and properly organized manner. It is necessary to fix responsibility to every level and vigorously propagate and exchange the typical experience of state-owned enterprises which have done a good job of stopping losses and increasing profits. Leading cadres at all levels should change their work style conscientiously, help

enterprises surmount their difficulties, and create a relatively favorable external environment for enterprises. With regard to reducing their burdens, governments at all levels and various departments should coordinate with one another to jointly attend to the matter and resolve it deliberately. We must make up our minds to reorganize leading groups in losing enterprises, break free from convention to appoint capable personnel, and augment training to bring up a number of new-type enterprise leaders.

Vice governors, vice chairmen, and vice mayors in charge of various provinces, autonomous regions, municipalities, and cities with separate listings, directors of economic and trade commissions, heads of financial departments, and presidents of the Industrial and Commercial Bank of China, as well as persons in charge of relevant departments under the State Council, attended the conference. He Chunlin, deputy secretary general of the State Council, chaired the conference. Wang Zhongyu, director of the State Economic and Trade Commission, delivered a report on further grasping the work to stop losses and increase profits. The conference lasted for three days.

#### **Wang Zhongyu Urges State Enterprises To Cut Losses**

OW2507233694 Beijing XINHUA Domestic Service in Chinese 0129 GMT 22 Jul 94

[By RENMIN RIBAO reporter Mo Xinyuan (5459 2450 0337) and XINHUA reporter Wu Jincai (0702 6930 2088)]

[Text] Beijing, 22 Jul (XINHUA)—Speaking at the national conference on the work of halting losses and increasing profits sponsored by the State Council yesterday, Wang Zhongyu, minister in charge of the State Economics and Trade Commission, pointed out: Early this year, enterprise revenues dropped by big margins and losses sharply increased. Since April, this situation has begun to improve, with state enterprises beginning to perform better. By the end of the second quarter of this year, 46.3 percent of state enterprises suffered losses, as compared with 49.6 percent for the first quarter. The deficit amount dropped 56.9 percent.

Wang Zhongyu pointed out: Problems still exist in our current deficit-reduction and profit-increasing work. There are problems of ideology and understanding as well as problems in our practical work. New developments in the national economy, in particular, have added to the problems of halting losses and increasing profits. First, leaders of a number of localities and enterprises do not have enough understanding of the importance of this work. Some were afraid of difficulties, some put excessive blame on the external environment, and some failed to correctly handle the relationship between speed and efficiency. Second, the commodity price situation is still quite grim. Although production rises rapidly, the ratio of production and marketing has



declined. The ratio of production and marketing of the country's industrial goods dropped 1.81 percent during the first six months. Third, the work of halting losses and increasing profits progressed unevenly in various regions and departments. A number of localities lacked necessary planning and coordination and failed to adequately mobilize the masses. Fourth, enterprise management was poor, and they suffered from profound waste and low efficiency.

Wang Zhongyu forwarded seven suggestions on the work of halting losses and increasing profits in the next stage:

- Continue to deepen reform, accelerate the pace of shifting the enterprise operating mechanism, strengthen internal management, actively explore ways and methods for deficit-ridden enterprises to establish modern enterprise systems, and step up trial implementation of enterprise bankruptcy.
- Continue to implement the target responsibility system in halting losses and increasing profits. The number of money-losing state-owned industrial enterprises incorporated in the budget should go down 5 percent this year and the deficit amount should decline 20 percent. Under the guidance of the state's deficit-reduction targets, all regions and departments should break down their own deficit-reduction quotas down to enterprises. From now on, every region and department should use economic efficiency as the main criterion for evaluating economic work, putting special emphasis on the fulfillment of their profits-and-tax-delivery and deficit-reduction targets. Media, such as newspapers and radio and television, should be fully utilized to extensively publicize the work of halting losses and increasing profits and to supervise the implementation of target responsibility system.
- Adjust product mix to raise product competitiveness in the marketplace. Efforts should be made to accelerate technological transformation of enterprises. Support should be given on a priority basis to enterprises capable of reducing deficits and increasing profits to help them carry out technological transformation. Vigorous efforts should be made to bring in advanced technologies from abroad and to accelerate the replacement of the older generations of products by new ones. Batch manufacturing capacity should be developed for readily salable products while limiting or even stopping the production of unsalable, overstocked goods.
- Strengthen enterprise management and tap enterprise potential internally.
- Fully use existing policies to halt losses and increase profits. Step up the implementation of the policies and measures adopted by the State Council and relevant departments to resolve debts and other problems affecting enterprises.
- Give different guidance to different enterprises to help them resolve their problems. Leaders of all regions

and departments should go down to the grass-roots units to conduct investigation and study. Special emphasis should be placed on selected enterprises with either large profits or large deficits and their performance should be analyzed and evaluated on a regular basis. All regional and department leaders should select one or two profitable or deficit enterprises and work on them.

- Strengthen the consolidation and building of the leading bodies of deficit enterprises, boldly promote capable personnel, and select a number of career-minded comrades with a strong sense of responsibility to serve as factory directors and managers. Attention should be paid to integrating personnel changes and the acquisition of new ideas. While adjusting the leading bodies, more emphasis should be placed on changing people's minds.

### **Fast Food Chain Fined for Underreporting Staff Wages**

*HK2607080494 Beijing CHINA DAILY in English 26 Jul 94 p 3*

[By Ren Xianfang: "KFC Fined for Falsifying Wage Reports"]

[Text] The Beijing branch of Kentucky Fried Chicken has been fined for violating the State Statistics Law.

Since last year, the American-owned fast-food chain has been falsely reporting its staff's income, said Beijing Municipal Statistics Bureau official Liu Xiaoping, making the company one of the most serious violators of the 1983 Statistics Law.

The average monthly staff income is about 1,000 yuan (\$115), according to the official. The company, however, reported the figure as 300 yuan (\$35).

The false reporting means that the company may be involved in tax evasion as well as failure to contribute to the national retirement fund.

In China, people whose monthly income is over 800 yuan (\$92) must pay income tax. And a company that pays its workers, on average, over 800 yuan a month has to contribute a percentage of the salary to the pension fund.

"That is a measure to protect the staff's interests," said Liu. "If the company pays less into the fund, the staff will get less pension when they retire."

The branch's president Zhang Deye and two other company officials connected with the affair also received personal fines.

The first Beijing branch of Kentucky Fried Chicken was established in 1987. Since then, the company has opened seven restaurants around the city.

### State Council To Adjust Policy on Foreign Investment

HK2607071194 Hong Kong CHING CHI TAO PAO in Chinese No 24, 20 Jun 94 p 16

[From "China Economic News" column: "Policies To Attract Foreign Capital To Be Adjusted"]

[Text] According to authoritative figures in the State Council, a national foreign capital work meeting will be held soon to examine and fully adjust new policies on attracting foreign capital.

The basic idea of adjusting the new policies on attracting foreign capital is:

- To maintain the stability and continuity of the original policies;
- To gradually link industrial and taxation policies for domestic enterprises with those for foreign-funded enterprises and to accord equal treatment to them to facilitate fair competition;
- To converge and coordinate reform of foreign capital policies and reforms implemented in the domestic field;
- To link with GATT status and GATT requirements as well as international practice.

It is known that local policies to attract foreign capital will be greatly adjusted. In future, policies in various localities will be basically equalized, whereas newly authorized development zones will no longer be able to use preferential taxation as their major favorable factor. Foreign-funded enterprises dealing in simple processing, whose development will be restricted in coastal areas, will be allowed to develop in less developed areas. Moreover, efforts will be made to abolish special policies for overseas Chinese and Chinese from Hong Kong, Macao, and Taiwan, to cancel the half-duty policy governing neighboring countries, and to accord equal treatment to foreign capital invested in China from all over the world.

In the future, the Chinese Government will open up its markets to attract high-technology and large transnational corporations to invest in China, continue to encourage foreign-funded enterprises to export their products, replace imports, continue to lay down preferential policies, and encourage foreign businessmen to invest in such sectors as agriculture, the technological transformation of large and medium-sized enterprises, and urban infrastructure.

### State Council Transmits 'Opinions' on Taxes

OW26070711794 Beijing XINHUA Domestic Service in Chinese 2114 GMT 16 Jul 94

[Text] Beijing, 17 Jul (XINHUA)—The State Council General Office recently transmitted the Finance Ministry and the State General Administration of Taxation

opinions on improving the collection and management of the personal income tax and called on localities and relevant departments to adopt effective measures to conscientiously enhance the collection and management of the personal income tax.

The opinions noted that the Fourth Session of the Eighth National People's Congress [NPC] Standing Committee revised and repromulgated the "PRC Personal Income Tax Law" in October 1993 and that the State Council issued the "Regulations on Implementing the PRC Personal Income Tax Law" in January 1994. These are the important measures of reforming China's taxation system and of unifying the collection of personal income tax that will have a major significance to better use tax collection as a lever for revenue planning, to ensure the reasonable growth of consumption funds, to regulate personal income levels, to alleviate the contradictions arising from unfair social distribution, and to promote social stability and unity.

The situation of collecting and managing the personal income tax, the opinions noted, has been basically good since the Personal Income Tax Law's implementation on 1 January this year. Still, the opinions call for paying attention to the following problems: the lack of understanding of the important significance of collecting the personal income tax; the phenomena of failure to act according to the law, of a lack of strictness in enforcing the law, and of loose collection and management of the tax; loss of tax money is common; and a lack of strictness in investigating, rectifying, and punishing those who evade taxes and those who resist paying taxes.

To change the above situation as quickly as possible and to genuinely strengthen the collection and management of the Personal Income Tax, the opinions suggest doing a good job in the following areas:

1. It is necessary for all levels of governments and departments to strive to do a good job on the important tasks of conscientious implementation of tax laws and improving the collection and management of the personal income tax. It is party and state policy to let some areas and some people get rich before others through honest labor and legitimate business operation and to lead the masses to take the path of common prosperity. While conscientiously implementing this policy, we need to pay attention to solving well the contradictions in society that arise from unfair distribution. Failing that, it will be difficult to mobilize the people's enthusiasm to build socialism with Chinese characteristics and to achieve social stability and unity. Collecting the personal income tax will not only help increase the state revenues but also help regulate individuals' income, alleviate the contradictions arising from unfair social distribution, promote social stability and unity, and ensure the healthy development of the socialist market economy. All levels of people's governments and relevant departments must attach high importance to this issue; enhance the collection and management of the personal

income tax in a down-to-earth manner; timely study and solve difficulties and problems encountered during the collection and management of the personal income tax; and ensure the proper implementation of the Personal Income Tax Law.

2. It is necessary to publicize tax laws in an extensive, in-depth, and long-term manner and enhance the people's sense of paying taxes according to law. Energetically publicizing and popularizing knowledge of tax laws, establishing a system to file income tax reports, and enhancing the citizens' concept of paying taxes are the basis for doing a good job in the collection and management of the personal income tax. All levels of people's governments are urged to publicize tax collection policies; popularize tax law knowledge; enhance the citizens' sense of paying taxes; inculcate the habit among the citizens' to voluntarily file income tax reports; help foster a social trend of "it is a glory to pay taxes and a shame to evade taxes" through sponsoring lively lectures; and provide consultation services and law-popularization education to the citizens. It is necessary to give play to the public media's supervisory role and help tax departments prepare typical cases, both positive and negative, on paying taxes, and to let the public media publicize typical cases at the appropriate time, so as to better inform the broad mass of taxpayers about paying taxes.

3. It is necessary to safeguard the sanctity and unity of the tax laws and to resolutely stop the phenomena of arbitrarily interpreting the tax laws and of granting tax reductions and exemptions by overstepping authority. The Personal Income Tax Law is the tax collection law formulated by the NPC. All levels of people's governments, relevant departments, units, and individuals are obligated to help safeguard the sanctity and unity of tax laws. All regions, departments, and units are prohibited from issuing documents that contradict the state's tax laws and regulations. Policies on tax reduction and exemption that are formulated exceeding authority will be declared null and void; they must be immediately rectified; otherwise, those who are involved in drawing up those policies will be held responsible according to the law. If special circumstances warrant preferential treatment, the case should be reported to State Council financial departments for implementation approval as stipulated in the Personal Income Tax Law.

4. It is necessary for taxation departments to strictly enforce the law and improve tax collection and management. As all levels of tax departments are entrusted with the glorious yet arduous task of enforcing the tax laws, the broad mass of cadres involved in tax collection must strive to raise their professionalism, honestly perform their duties, practice self-restraint, be bold in resisting pressure from various quarters, and strictly enforce laws. All tax departments should improve the ways of collecting and managing taxes; constantly improve and perfect the system of filing tax reports and the system of helping deduct and pay tax amounts through carrying

out extensive investigation and study; enhance management and prevent the loss of tax money at the source; rationally adjust and beef up manpower needed to collect the personal income tax; overcome the mentality of belittling the collection of the personal income tax; and do a good job of collecting and managing the personal income tax with a high sense of political responsibility and a high sense of responsibility toward the tax collection work.

5. It is necessary to strengthen interdepartmental contacts and coordination and to create an excellent environment for the collection and management of the personal income tax. All levels of people's governments are urged to show concern for and support the work of tax departments and arrange and coordinate well the work of taxation, banking, industry and commerce, public security, justice, customs, culture, propaganda, labor, and personnel departments. It is hoped that these departments will make timely exchanges of information, cooperate with each other, and jointly create an excellent social environment for collection and management of the personal income tax.

6. It is necessary to resolutely investigate and handle major and important cases and to harshly crack down on those who evade taxes and on those who resist paying taxes. Punishment should be meted out according to laws to those who commit such criminal acts as evading taxes, of resisting to pay taxes, and of failing to fulfill the obligation of paying taxes. This is the indispensable means to ensure the implementation of the Personal Income Tax Law. Every year, localities are required to carry out a special review of the collection and management of the personal income tax in line with the local situation. All levels of the people governments should enhance leadership and supervision and relevant departments should voluntarily assist tax departments to do a good job on investigating into and handling the criminal acts of tax evasion and of resisting to pay taxes. Resolute and harsh punishment should be meted out according to the law for those units and individuals who evade a large amount of tax money, whose cases are of a particularly serious nature, and who are recidivists; and we should not be indulgent toward them. Results of the handling of major and important cases should be made known to the general public. This will serve as an education for the masses and a great deterrence to those law-breaking elements.

### **'Booming Economy' Creates Jobs for College Graduates**

*HK2607075894 Beijing CHINA DAILY in English 26 Jul 94 p 1*

[By He Jun: "Job Search Easy for College Graduates"]

[Text] More than 95 percent of this year's college graduates have found jobs, according to government sources.

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The booming economy has created greater demand for well-educated personnel than was previously expected, said Zhang Fengyou, an official with the State Education Commission (SEC).

In fact, the number of jobs has far exceeded the number of college graduates.

Zhang stressed that colleges should adjust their curriculums and agendas to meet this demand.

But he said these changes would take a long time and the shortage of talented graduates would continue for the next several years.

This year, many graduates with business and science degrees had five to 10 job offers, Zhang said.

Highly sought after students included those studying engineering, applied sciences, architecture, electronics, economics, finance, accounting and foreign languages.

About 700,000 students, including more than 25,000 with master's degrees and 31,000 with doctorates, graduated this year from 1,000 colleges, universities and other institutes of higher education.

Zhang said that making sure key State projects and enterprises get college graduates would continue to be important when assigning students jobs.

While most students go to large or medium-sized cities and coastal regions, SEC encourages students to accept key industrial jobs in remote areas, he said.

Since last year SEC has adopted a two-way choice system" for students looking for employment.

The new scheme, which replaced the assignment system, sets up job fairs for college graduates and has played a big role in helping students find work, Zhang said.

Thousands of such fairs sponsored by SEC, ministries and local organizations have been held across the country since late last year.

Some local governments and colleges have also set up service centres to offer employment information to students.

As students can learn about their future employers before they accept jobs, most are satisfied with their assignments, Zhang said.

In the past, students took what job the State offered them. Now they can apply to several of their own choices.

And under educational reforms this year, the State has shed some of its responsibility for finding all students jobs.

This year 37 colleges will enroll only self-paying students who will find their own jobs after graduation.

More schools are expected to adopt such a policy in a bid to ease their financial burdens.

At a national conference earlier this year, SEC for the first time honored 300 units and 839 individuals for their excellent work in the student job assignment process.

More than 5 million students have graduated from colleges since 1981, four years after China restored the unified national college enrollment system which was suspended during the "cultural revolution" (1966-76).

### **Packing Business Makes Progress During Past Decade**

OW2507141594 Beijing XINHUA in English 1306  
GMT 25 Jul 94

[Text] Beijing, July 25 (XINHUA)—China's goods look much more attractive now than they did ten years ago thanks to the spectacular rise of the packing industry over the past decade, a packing business head said today.

"The new industry has virtually stopped the debasement of quality goods by low-grade packages in the country," said Xie Rongquan, secretary-general of the China Packing Association (CPA).

Xie claimed that ten years of development of China's packing industry could outpace the several decades for their foreign counterparts in the past.

Its output value is growing at an annual rate of 15 percent, from 7.2 billion yuan in 1980 to the present 78.3 billion yuan (9.1 billion U.S. dollars) a year.

Some 2 billion yuan of potential losses were prevented by commendable packing efforts, Xie said.

Overseas colleagues deemed that some of the products and technologies in China's packing industry have reached the front lines of the world. In the "World Star" packing competition, China won four international awards for nine products recommended.

Xie said China has set up a national system to manage the packing industry by packing associations. Its branches have been set up in every province, autonomous region and major city. The CPA also had 16 special committees affiliated with it and 4,100 enterprises in its membership by June this year.

Xie predicts that the main products and technologies of China's packing industry can reach world advanced levels.

To achieve that end, the country has been seeking foreign investment and technologies. President of the China Packing Import and Export Co. Wu Bingze disclosed that the firm intends to import equipment ranging from machines to produce cans to medicine-packing assembly lines.



Xie said that foreign capital has in the past years brought advanced technologies to China in this field, as well as the raw materials China badly needs, which include paper and paper board.

### **Traffic Resumes on Flooded Beijing-Chengde Railway**

*OW2507143694 Beijing XINHUA in English 1256 GMT 25 Jul 94*

[Text] Beijing, July 25 (XINHUA)—The Beijing-Chengde railway resumed traffic at 13:40 today, after a halt of 296 hours due to severe floods, official sources said here.

The railway traffic between the Chinese capital and the major tourist city in Hebei Province had been stopped on July 12, when sustained rainstorms caused floods and landslides that destroyed bridges and embankments at a dozen points on the line, the sources said.

### **Increase in Power Production Reported**

*HK2607034894 Beijing CHINA DAILY in English 26 Jul 94 p 2*

[By Chang Weimin: "Power Production Hits New Record"]

[Text] Thanks to massive reserves of coal and water at thermal- and hydro-power plants, China's electrical output is expected to rise sharply this year.

With efforts by the Ministry of Power Industry, whose enterprises generate 70 per cent of the nation's output, power production this year is likely to reach 900 billion kilowatt-hours.

Jiang Shaojun, the ministry's spokesman, said the anticipated production represents a 10.7 per cent rise from last year.

This weekend the ministry reported that 437.4 billion kilowatt-hours were generated in the first half of this year, up 11.31 per cent from the same period last year.

Of the output, which represents 54.7 per cent of the planned yearly total, 73.7 billion kilowatt-hours were generated by hydro-power plants, 19 per cent more than in the same period last year.

Despite the double-digit output growth rising demand put pressure on the industry. Power failures have occurred more frequently, especially in areas with booming economies.

Guangdong experienced the highest rise in demand, using 34.6 per cent more power than last year. The lowest increase in demand, at 3.5 per cent, was in the three northeastern provinces of Heilongjiang, Jilin and Liaoning.

The ministry spokesman attributed the low demand in the northeastern provinces to their decline in industrial production.

Demand in the provinces of Guizhou, Hainan and Yunnan rose by 27.5 per cent, 24.9 per cent and 22.5 per cent respectively.

Jiang said China expects to install more generators to eliminate the power shortages that have lingered for 24 successive years.

From January through June, 21 sets of generators, with a combined capacity of 3.6 million kilowatts, have passed a trial run or are already operating. They represent 35 per cent of the State plan for this year. Jiang said the bulk of yearly goal is usually met in the latter half of the year.

The government plans to install large- and medium-size generators than can produce 10.2 million kilowatts a year.

If small generators are included, the country will have an additional capacity of 13 million kilowatts this year.

To curb over-heated capital construction and rising inflation, the central government did not approve any new power projects in the first half of this year.

However, Ran Yin, director of the ministry's Planning Department, said the State Planning Commission will approve several projects in the coming months.

On behalf of the ministry, Jiang called for the planning of more projects so that the power generating capacity will increase steadily in the next seven years.

It takes three to four years, for example, to construct a thermal plant. Therefore, preparation for a new plant should begin as soon as possible.

To solve the existing power shortage and meet rising demand, increases in power generating capacity should exceed economic growth, which is planned at 8 to 9 per cent for the next seven years.

To make good use of the rich water resources in the country, the ministry expects to install hydro-power generators that can produce 31 million kilowatts.

That means that hydro-power generating capacity will be increased to 75 million kilowatts, 25 per cent of the total. China now has hydro-power generators that produce 44 million kilowatts, or 22.4 per cent of the total.

### **Paper Reports Central Controls Provide 'Soft Landing'**

*HK2607034994 Beijing CHINA DAILY in English 25 Jul 94 p 4*

["Tight Credit Leads To Stable Growth, Long-Term Profits"]

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[Text] Since last July, efforts at central control over the money supply have created a healthy financial situation, though major problems remain.

This is the third financial readjustment since reforms began in 1979. Analysts have spoken highly of the latest changes, according to the *FINANCIAL NEWS* of July 21.

A six-month report from the State Statistics Bureau declares that money supply and investment remain under control, residents' savings have soared and banks are liquid. Meanwhile, industry advanced at a moderate rate and total demand is under control.

Inflation lost momentum, though it still is in double digits.

The package of monetary instruments has engineered a soft landing for the economy, said the newspaper.

Memories of the chaos in the banking-sector one year ago is, however, vivid. [sentence as published]

In the first half of last year, investments soared, but financing bogged down, which caused a bottleneck that hindered economic growth.

Communities speculated on development zones, and illicit profiteering in real estate swallowed funds. This led to intensive fund-raising, inter-bank lending and illegally high interest payments.

The chaos in the banking sector caused wide fluctuations in the economy.

From January-June 1993, banks lent 52.7 billion yuan (\$6.1 billion), an unusually high jump up from recent years.

Illegal fund-raising reached its peak in the first quarter of last year, resulting in large-scale decline of residential deposits.

At the same time, inter-bank lending was rampant among State banks reaching 100 billion yuan (\$11.6 billion) by the end of June. Most of the funds were put into fixed assets, the real estate industry and stock markets, pushing banks into financial straits, the newspaper pointed out.

As a result, the renminbi depreciated, dampening the country's foreign trade industry as well as foreign investors' confidence. The public outlook turned gloomy because of inflation.

To bring control, the State Council, the country's cabinet, has issued measures since last July to enhance central control.

These include a halt to inter-bank lending, raising interest rates, curbing runaway fund-raising and cooling down overheated investments in the real estate market and development zones.

The central government also fine-tuned its lending policy and promoted bold banking reforms at the beginning of this year.

The most obvious result, the newspaper said, is the effective curb on money supply. In the first half of this year, money supply grew 20 per cent, a drop of 14 points compared with the same period last year.

Despite the legacy of June 10, 1993—the day grain prices soared—banks withdrew more than 8.3 billion yuan from circulation in the January-June 1993 period.

The central bank's interference in the foreign exchange market last July stopped the yuan from sagging. The currency maintained a rate of 8.7 yuan against the dollar. It laid solid ground for eliminating the dual-track foreign exchange system, which the central government finally tackled early this year.

Moreover, analysts attribute the successful issuance of 100 billion yuan (\$11.6 billion) in State bonds to the bank's steady control, said the newspaper.

This year may witness a large gap between financial income and expenditures. The central bank will have to issue more money and inflation will balloon if the central finance continues to overdraw from banks. [Sentence as published] But beginning this year, financial deficits will be met solely by State bonds.

At the micro level, however, enterprises, especially State-owned firms, must cope with a shortage of working capital.

Credit expansion is still strong, prodded by strong pressures to relax the money supply, it said.

The central government pointed out that the economy continues to advance on a fast-growth track, and that any moves to relax money control will overheat the economy and result in hyper-inflation.

Economists warn that the economy cannot avoid a pattern of boom and bust cycles, with periods of giddy growth followed by sharp recessions.

They suggest that the central bank continue tight credit policies and that anti-inflation efforts remain a principal goal, said the newspaper.

Banks, they advise, should lend working capital to efficient enterprises with marketable products.

#### **'Sources' Say Central Bank Approves Non-State Bank**

HK2507095594 Beijing ZHONGGUO XINWEN SHE  
in English 1411 GMT 22 Jul 94

[Text] Beijing, July 22 (CNS)—Sources in Beijing disclose that another important move will be taken in China's banking system reform. The People's Bank of China has recently approved the establishment of the

first non-state-owned bank, which will have private enterprises as its shareholders.

According to the president of the All-China Federation of Industry & Commerce, Mr. Jing Shuping, the non-state-owned joint-stock commercial bank will be funded by sound non-state-owned enterprises. The fund they offer has to be free capital and the highest aim of fund-raising is RMB [renminbi] 2 billion.

The bank will strictly operate within the scope of services provided by a commercial bank and will not engage in insurance and securities, said Mr. Jing Shuping.

#### **Report Details Industrial, Commercial Bank Operations**

OW2507194094 Beijing XINHUA in English 1536 GMT 25 Jul 94

[Text] Beijing, July 25 (XINHUA)—Total deposits in the Industrial and Commercial Bank of China topped 1.027 billion yuan by mid-July, according to officials with the bank.

The officials said the bank's deposits from the country's enterprises reached more than 340 billion yuan while savings accounts of residents hit 607.4 billion yuan. [figures as received]

Meanwhile, they said, the bank has channeled a total of 1.112.7 billion yuan into boosting the nation's industrial development.

The industrial loans in working capital amounted to over 700 billion yuan. The money was lent specially to the country's major projects and major industrial companies such as the Anshan Iron and Steel Company and the Beijing-Kowloon railway project, the official said.

So far, the bank's loans in commercial working capital have jumped to 270 billion yuan, covering business, grain, foreign trade and service industries. The bank has also earmarked more than 160 billion yuan to bolster the technical renovation of state-owned companies.

According to the officials, the bank has established credit card business in more than 200 cities across the country. Over 10,000 branches and offices have installed computers and more than 1,000 automatic teller machines have been put into use.

#### **Insurance Industry Shows 'Fast' Growth**

OW2607093994 Beijing XINHUA in English 0857 GMT 26 Jul 94

[Text] Beijing, July 26 (XINHUA)—The insurance industry in China has been growing fast in recent years, according to today's **NA SECURITIES**.

The People's Insurance Company of China (PICC), which handles over 95 percent of the country's insurance business, received 17.14 billion yuan of insurance premiums in the first five months this year, showing a

21.6-percent increase over the same period of last year. Meanwhile, the company paid 7.98 billion yuan of various indemnity in compensation for economic losses of the enterprises and individuals, particularly for losses from by floods this summer.

Many branches of the PICC including those in Guangdong and Hunan Provinces and the Guangxi Zhuang Autonomous Region as well as those in Mudanjiang and Harbin Cities have increased varieties of insurance policies.

Meanwhile, traditional insurance policies have also been improved.

Efforts have also been made to strengthen management within the insurance industry. An effective system involving the management of premium, coverage, claiming and adjustment has been established.

#### **Foreign Capital Eases Regional Power Shortage**

HK2507101394 Hong Kong SOUTH CHINA MORNING (BUSINESS) POST in English 25 Jul 94 p 4

[Text] Foreign funds are playing an important role in alleviating the power shortages in areas along the Yangtze River.

The Yangtze River belt, which stretches from southwest to east China, is one of the country's most important economic areas. However, because of a shortage of funds, the speed of its economic development is way ahead of that of the development of the electricity industry.

So far, Shanghai, the mainland's largest industrial city, which lies on the lower reaches of the Yangtze, has utilised about U.S.\$300 million in foreign funds in constructing the Shidongkou No 2 power station and Wujin thermal power plant, which have a total installed generating capacity of 2.72 million kilowatts.

In recent years Anhui, Jiangsu and Zhejiang provinces, and Shanghai have agreed upon 18 power projects with firms from the United States, Britain, Germany, Singapore and Hong Kong.

The projects will have an installed generation capacity of 16.3 million kilowatts.

To date, the provinces and Shanghai have used more than U.S.\$1 billion in foreign funds to increase the installed power-generation capacity by 4.1 million kilowatts.

Provinces on the upper and middle reaches of the river, including Sichuan and Hubei, are also increasing the use of foreign funds to develop electricity.

Foreign funds are being used in the form of international commercial loans, direct investment and inter bank loans from international financial institutions. Earlier

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this year, the Yangzhou No 2 power plant in Jiangsu borrowed U.S.\$120 million from Japan, the United States and Germany.

According to officials of electricity departments, each of the generation units involving foreign funds has, on average, a generation capacity of between 300,000 kw and 600,000 kw.

Jiangsu, Zhejiang Shanghai and Anhui plan to develop 22.8 million kilowatts with foreign funds, 70 per cent of their present installed generation capacity.

In Sichuan province, generation units with a capacity of 10 million kilowatts will be built within seven years, and these will need 73 billion yuan (about HK\$65.24 billion [Hong Kong dollars]).

#### **Pilot Projects To Attract More Foreign Funds**

OW2607035594 Beijing XINHUA in English 0326  
GMT 26 Jul 94

[Text] Beijing, July 26 (XINHUA)—China is to start some pilot projects in a bid to find new ways of attracting foreign investment in its water-control work, possibly including the building-operation-transfer (BOT) method, officials at the Ministry of Water Conservancy said here today.

"Tens of billions of yuan will have to be used nationwide in building water-control projects, hence the need to use foreign funds," Cui Boxun, deputy director of the ministry's International Cooperation Department, told XINHUA.

Cui said that the use of foreign funds in water conservancy, though still something new, conforms to the government policy of encouraging foreign investment in infrastructure facilities.

Zhang Guoliang, deputy director of the ministry's Planning Department, said that China would need hundreds of billions of yuan to build large and medium-sized water-conservancy and hydroelectric power projects covered by state planning. The sum does not include the cost of building the Three Gorges Dam on the middle reaches of the Chang Jiang River.

The government is studying the possibility of issuing bonds overseas and attracting direct investment for the dam. Merrill Lynch, Morgan Stanley and Salomon Brothers Inc. of the United States and Nomura Securities of Japan have begun to participate in the study, to help find ways of financing the project, Zhang said.

Of the 500 cities in China, 300 suffer shortages of water and the shortage is especially acute in another 100. "This means a huge market for investors," the official said.

Another potential market lies in a planned project to divert water from the Chang Jiang to Beijing and Tianjin in the north. Three water-diversion routes—the west, the

middle and the east—are being discussed. The investment in the middle route will amount to 30 billion yuan, Zhang said.

China spent 12.5 billion yuan on capital construction in water conservancy last year, compared to 4.9 billion yuan in 1990.

"But the shortage of funds remains acute, due to price hikes and other reasons," he said.

"We hope that state allocations will increase," he continued. "Meanwhile, we'll try to diversify the sources of funds."

Since 1988 China has used more than two billion U.S. dollars in foreign loans to improve its flood-control, irrigation, power-generating and water-supply facilities.

#### **Foreign Investment in Real Estate Drops in Guangdong**

HK2507125694 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0847 GMT 26 Jun 94

[By reporter Shi Qingbin (2457 3237 1755)]

[Text] Hong Kong, 26 Jun (ZHONGGUO TONGXUN SHE)—Feng Ji, head of the Foreign Investment Department of the Guangdong Provincial Planning Commission, pointed out that in the first five months of this year, the proportion of foreign investment in Guangdong's real estate projects dropped noticeably. It was 24 percent last year, but has dropped by about 50 percent this year.

Feng Ji has come to Hong Kong to attract investments. He told reporters that there had been a fairly large increase in the use of foreign capital by Guangdong Province since the beginning of this year. Between January and May, Guangdong actually used \$4.09 billion in foreign capital, an increase of 37.6 percent over the same period last year. Of this, Taiwan investments registered the largest increase.

On the same occasion, Xu Dezhi, director of the Guangdong Provincial Foreign Economic Relations and Trade Commission, pointed out: Foreign investment in Guangdong's real estate projects has dropped since the beginning of this year. The principal reasons are: 1) The cooling down of real estate craze in the wake of macroeconomic regulation and control in the second half of last year; and 2) the effect of the land value-added tax, which is to be adopted. Although the number of real estate projects has dropped, some large real estate projects involving as much as \$100 million are still being signed. Guangdong will appropriately restrict the construction of high-class housing and office buildings this year and will encourage foreign investments in such real estate projects as low and medium-grade housing and home ownership schemes.

It was learned that Guangdong's total construction land area in the first five months of this year was 107,000 mu, a drop of 43 percent over the same period last year. With



the exception of land for infrastructure construction, which showed an increase of 6.3 percent, land use for other purposes dropped. Land used for real estate dropped by 60 percent over the same period last year.

### Floods, Drought Affect Different Regions

OW2507193994 Beijing XINHUA in English 1515  
GMT 25 Jul 94

[Text] Beijing, July 25 (XINHUA)—Guangxi Zhuang Autonomous Region in south China was hit by heavy rain yesterday, pushing the water level to a new high in Nanning, capital city of the region, and bursting dykes and inundating 20,000 hectares of farmland in the region's Guigang city area.

However, drought is growing more serious in the provinces of Anhui, Jiangsu, Hubei and parts of Shaanxi and Inner Mongolia, pushing the national figure of farmland hit by drought to a total of four million hectares.

According to the State Flood Control and Drought Relief Headquarters, flood waters now stand in some parts of Nanning city and over 8,000 homes have collapsed in Guigang city. But the floods are receding in Wuzhou city as the flood peak is advancing to the adjoining Guangdong Province.

As the central and northern parts of Guangdong Province have been battered by heavy rains in the past few days, the Beijiang River has been hit by another flood since June. It is possible that the Pearl River Delta will be battered by the second and even the third serious flood when the Xijiang River flood waters meet with the Beijiang River flood peak.

### Flood Control Headquarters Issues Circular

OW2607064594 Beijing XINHUA Domestic Service in Chinese 0856 GMT 25 Jul 94

[Text] Beijing, 25 Jul (XINHUA)—A circular issued by the State Flood Control and Drought Relief Headquarters today noted that heavy and torrential rains had fallen in most areas in Guangxi and that relatively big floods had occurred on both the trunk stream and tributaries of the Xi Jiang since 15 July.

A flood peak rose to 75.14 meters [m] on the Yu Jiang, a Xi Jiang tributary, near Nanning city on 22 July; some streets of the city were flooded. A flood with a water level reaching 48.4 m appeared in Guigang city, where 10 river dikes were breached, 290,000 mu of farmland were flooded, and more than 8,000 houses collapsed. It was the most serious flood in Guigang since the founding of the People's Republic. The Xi Jiang trunk stream overran for the second time this year. A flood peak with a water level of 24.45 m and with a flow capacity of 39,000 cubic meters [cbm] per second reached Wuzhou city at 2300 on 24 July. The flood's water level was lower than that of this year's first flood, which occurred on the trunk stream of the Xi Jiang on 19 June, by 1.46 m. Due

to all-out efforts made by the people of Wuzhou and the army units stationed there to reinforce the dikes to deal with emergencies, the dikes in the western part of the city were not breached. About 70 percent of the eastern part of the city were flooded as it is not protected by dikes; the water level at the most seriously flooded area was approximately 6 m. Personnel and important materials were moved to safe areas.

At present, the water level in Wuzhou is gradually dropping and the flood peak is advancing to Guangdong Province.

Heavy and torrential rains recently fell in most areas in the central and northern parts of Guangdong and the Bei Jiang overran for the second time this year. The water level at Shijia Station, Qingyuan city, rose to 11.62 m at 0600 on 25 July, higher than the warning level by 1.12 m; with a corresponding flow capacity of 8,900 cbm per second, the water level in this area is still on the rise. It is predicted that a high water level will appear once again in the Zhu Jiang delta after the floods of the Xi and Bei Jiangs converge and are pushed up by the astronomical tide at the river mouth of the Zhu Jiang in the next two to three days. At present, areas along the Zhu Jiang and in the Zhu Jiang delta are intensifying preparations and stand ready in full battle array for possible flooding.

Affected by persistent dry weather and high temperatures in the middle and lower reaches of the Chang Jiang, drought areas in Anhui, Jiangsu, and Hubei continue to expand. Some localities in Shaanxi and Inner Mongolia were also hit by drought. According to statistics compiled as of 22 July, over 60 million mu of land were hit by drought across China.

### Reasons for Drop in Sugar Production Studied

HK2507100794 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0900 GMT 12 Jul 94

[Text] Beijing, 12 Jul (ZHONGGUO TONGXUN SHE)—The sugar-refining period for 1994 ended recently, and sugar production nationwide totaled 6.018 million tonnes, of which 5.016 million were cane sugar and 1.002 million were beet sugar. Output is 1.708 million tonnes lower than the 7.726 tonnes of last year's sugar-refining period, a decrease of 22.3 percent. Sugar output in the main sugar-producing provinces—including Guangdong, Heilongjiang, and Hainan—even declined by 40 percent.

An analysis shows that the main reasons are: 1) The purchasing price for cane or beet is too low. At present, the government pays only 170 yuan per tonne for sugar cane and 180 yuan per tonne for beets, which is less than the price for the same weight of grass or radishes. This has dampened the enthusiasm of sugarcane- and beet-growers, and thus has caused the area sown to sugarcane and beet to decrease by a wide margin. In Guangxi, the area sown to sugarcane decreased by 200,000 mu, and in Hainan by 300,000 mu. 2) There was a sharp increase in

sugar output nationwide in 1992. Under the circumstances, the government department concerned—instead of cutting sugar imports—still imported 700,000 tonnes of sugar. This directly affected the production and sale of domestically produced sugar. 3) The sugar price was not stable. In 1992, the sugar price dropped to 2,000 and even to 1,600 yuan per tonne, causing a loss of 2.64 billion yuan to the sugar-refining industry.

#### **Li Peng Promulgates Decree on Water Regulations**

*OW2607094894 Beijing XINHUA Domestic Service in Chinese 0524 GMT 25 Jul 94*

[Text] Beijing, 25 Jul (XINHUA)—By Decree No. 158 of the State Council of the People's Republic of China, the "Regulations on Water Supply to Urban Areas" is now being promulgated and will take effect on 1 October 1994. [Signed] Premier Li Peng [Dated] 19 July 1994

#### **Book on Chinese, Foreign Contract Law Published**

*OW2607105494 Beijing XINHUA Domestic Service in Chinese 0628 GMT 25 Jul 94*

[By reporter Li Xiaojian (2621 2556 1696)]

[Text] Beijing, 25 Jul (XINHUA)—"A Practical and Comprehensive Book on Chinese and Foreign Contract (Deed) Laws" (English Included) ["Zhong Wai He Tong (Qi Yue) Fa Lu Shi Yong Quan Shu" (Fu Ying Wen) 0022 1120 0678 0681 (1148 4766) 3127 1774 1395 3938 0356 2579 (7096 5391 2429)], which was jointly compiled by the Supreme People's Court; the Supreme People's Procuratorate; the Ministry of Justice, and experts, professors, and scholars who engage in teaching and research into contract laws, was recently published by the China Economic Publishing House.

The 3 million-character book is a comprehensive, original, and practical reference book featuring a collection

of laws, rules, regulations, and judicial explanations that are up to now still applicable to contracts (deeds) in foreign countries and our country; treaties on contracts (deeds) adopted by the United Nations; and explanations on other international practices. These laws and statutes cover all aspects of Sino-foreign contracts (deeds). To increase its practical value and to fulfill the needs of enterprises and lawyers, the book carries Chinese-English bilingual version for over 20 selected contracts that are used in international trade, providing a reference to enterprises when signing contracts with foreigners.

#### **GATT-Related Dictionary To Be Published Soon**

*OW2607075294 Beijing XINHUA in English 0603 GMT 26 Jul 94*

[Text] Beijing, July 26 (XINHUA)—To prepare for re-entering the General Agreement on Tariffs and Trade (GATT), China will soon publish a huge dictionary named the "GATT Canon".

The five-million-character reference work will include all the important documents of GATT and basic knowledge about the organization.

The Canon will consist of three parts. The first part includes the General Agreement on Tariffs and Trade in 1994 and English-Chinese copies of the 48 final agreements signed April 15 this year, after the Uruguay Round of negotiations.

The second part will include the General Agreement on Tariffs and Trade in 1947 and all the agreements signed after the Tokyo round of negotiations as well as other international documents related to GATT.

The third part will include basic information and important GATT terms.

The book is being compiled by experts from Beijing, Shanghai and Liaoning Province.

## East Region

### Provinces Encourage Scholars Abroad To Work at Home

OW2607074994 Beijing XINHUA in English 0618  
GMT 26 Jul 94

[Text] Beijing, July 26 (XINHUA)—The governments of Fujian Province and Suzhou City, Jiangsu Province, have adopted preferential policies to encourage Chinese scholars abroad to return home to work.

According to the policies, scholars who settle in Fujian and Suzhou will be given jobs in line with their specialties and provided with superior accommodation.

They are encouraged to transfer technology, contract for enterprises, or co-operate with local partners in setting up organizations specializing in science and technology or start businesses with their own funds.

Fujian is the ancestral home for millions of Overseas Chinese, and Suzhou is one of China's economically booming cities.

A survey shows that Fujian plans to employ at least 5,000 specialists and professionals from other parts of the country and overseas each year. Meanwhile, the Suzhou City Government has expressed a welcome to all Chinese students abroad who want to work in the ancient city after they complete their studies.

### Trade Official Sees End to Anhui's 'Foreign Trade Boom'

HK2607034694 Hong Kong EASTERN EXPRESS in English 26 Jul 94 p 26

[By Beverly Chau]

[Text] Anhui province's foreign trade boom will trail off as a result of inflating production costs and the diminishing benefits of foreign exchange reform, a senior foreign trade official said yesterday. Luo Huining, the vice-director of the Anhui Commission of foreign economic relations and trade, said that the province's 38 per cent leap to US\$600m (about HK\$4.68bn) in foreign trade in the first half of the year was unlikely to persist because of rising production costs. "If it wasn't for the foreign exchange reform, foreign trade would not have been so spectacular," said Luo, who was speaking at the Anhui Foreign Trade Fair. He said foreign trade growth was expected to slow down but remain strong in the second half of the year.

Foreign exchange reform which took effect on January 1 suspended the foreign currency retention scheme, which required state enterprises to sell all their foreign currency earnings to mainland banks at predetermined rates.

Luo said while exports had been boosted by the move, exporters would have to deal with inflation in Anhui province. "In the past six months inflation has cut into

production costs, pushing export prices up. It makes our products less competitive in the international markets," he said. In 1993 the central Chinese province's foreign trade volume hit US\$1.3bn, of which exports accounted for US\$1bn, a 20 per cent increase over the previous year. Anhui produces rice, wheat, cotton, cereals, oils, and tea. The products' export markets include Hong Kong and Macao—its main re-export markets—North America and Europe. [sentence as published]

Foreign investment in the first half of the year in Anhui hit US\$420m, a 20 per cent increase over the same period last year, Luo said. Infrastructure investment this year has totalled 35bn renminbi (about HK\$31.3bn), and includes more than 500 projects, with 30 of them major efforts such as power plants and railway construction.

### Anhui Farmers' Cash Income Increases

OW2607080694 Beijing XINHUA in English 0643  
GMT 26 Jul 94

[Text] Hefei, July 26 (XINHUA)—The cash income of farmers in Anhui Province, east China, averaged 403 yuan per capita in the first half of this year, up 33.9 percent over the same period of last year.

A provincial official in charge of agriculture said that the actual increase was 11.8 percent after deducting inflation factors.

He attributed the rise of farmers' income to the rise of prices for summer grain and oil crops, and the boom of rural industrial enterprises.

According to the official, farmers obtained an average of 130 yuan per capita by selling farm crops in the first six months of this year, an increase of 43 percent over the same period of last year.

They gained an average of 63 yuan per capita from industry and the service trades during this period as more and more farmers left the fields to work in workshops and stores.

### Fujian Thermal Power Plant Invites Foreign Partners

OW2607033894 Beijing XINHUA in English 0123  
GMT 26 Jul 94

[Text] Fuzhou, July 26 (XINHUA)—Quanzhou in southeast China's Fujian Province is seeking foreign cooperation in building a thermal power plant with a designed generating capacity of 2.4 million kw.

An ancestral home for overseas Chinese, Quanzhou is one of the economic boomtowns among China's cities.

Although the city power supply has risen by 34 percent every year, ranking first in the province, it can only meet 60 percent of demand.



The first construction phase of the thermal power plant consists of two 300,000-kw generating units with a combined investment of 360 million dollars.

The city government welcomes foreign cooperation in forms of joint venture, sole foreign investment or loans from overseas banks.

### **Chen Huanyou Views Education for Jiangsu Party Members**

OW 2607102994 Nanjing XINHUA RIBAO in Chinese 1 Jul 94 p 1

[By reporters Shen Xuan (3088 5503) and A Niu (7093 3662): "At a Provincial Work Conference on Education for Party Members Chen Huanyou Stressed: The More the Reform and Opening Up, the More the Need To Strengthen Party Building and Improve Party Members' Quality"]

[Text] A two-day provincial work conference on education for party members ended in Nanjing yesterday. With the Jiangsu provincial party committee's approval, the meeting was held jointly by the provincial party committee's Propaganda Department and Organization Department as well as Jiangsu's Commission for Discipline Inspection.

The meeting, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, earnestly and thoroughly implemented the guidelines of the national work conference on education for party members, summed up and shared work experience related to education for party members throughout Jiangsu over the past four years, and focused on the study of ways to strengthen and improve education for party members, to improve party members' quality in a comprehensive manner, and to mobilize and unite Communist Party members across Jiangsu to better fight for realization of the two major objectives put forward by the Jiangsu provincial party committee—reform and development—in the new situation of establishing a socialist market economy.

At the meeting, Xu Zhonglin, a member of the Jiangsu provincial party committee standing committee and head of the provincial Organization Department, conveyed the guidelines of the national work conference on education for party members. Wang Xialin, a member of the Jiangsu provincial party committee standing committee and head of the provincial Propaganda Department, delivered a work report. The meeting heard exemplary speeches by eight units and conducted discussions for one day. Comrades who attended the meeting generally held that timing for convening the meeting was very appropriate and the convening of the meeting was of great importance. Through study and discussion, we reached a common understanding, improved our knowledge, cleared up our thinking, and heightened our confidence in making a success of party members' education in a new era.

Chen Huanyou, secretary of the Jiangsu provincial party committee and governor, delivered an important speech at the close of the meeting.

Chen Huanyou pointed out the need to fully understand the significance of strengthening and improving education for party members. Currently, our party is burdened with the major historic responsibilities of establishing a socialist market economy and accelerating socialist modernization construction. This has set a new and higher standard for the party's self-construction. We should attach greater importance to party-building, especially the party's ideological construction; further improve education for party members; improve party members' quality in a comprehensive manner; and truly make a success of party building in terms of ideology and organization so as to accomplish the major task entrusted to us by history and to bring the party's leadership role and party members' exemplary vanguard role into play in the reform, opening up, and promotion of economic development and social progress. Education for party members is a basic task of party building. At all times, we should regard it as a key task of vital importance to party building as a whole and earnestly make a success of the task. To strengthen and improve education for party members is a major guarantee of implementation of the party's basic line and also a major guarantee of the realization, by the end of the century, of the two objectives of Jiangsu's struggle—reform and construction—which were put forward by the Jiangsu provincial party committee; as well as an urgent task for improving party members' quality in the new situation. The more the reform, opening up, and development of a socialist market economy, the more the need to strengthen party building and improve party members' quality.

Chen Huanyou stressed: All major assignments concerning party members' education must be earnestly accomplished in accordance with the party Central Committee's relevant guidelines and in light of Jiangsu's actual situation. First, we must continue to arm all party members with the theory of building socialism with Chinese characteristics. This is a fundamental task. All party member-cadres must earnestly study the "Selected Works of Deng Xiaoping," fully comprehend the meaning of the need to emancipate our minds and seek truth from facts, and comprehensively master the scientific structure of this theory. Leading cadres must take the lead in studying and set an example of study, following the principle of linking theory with reality and carrying forward the style of integrating study with application and applying what has been studied. Second, we must firmly adhere to the party's basic line and make sure that what party members study can facilitate reform, development, and stability. We should educate party members and unify their understanding of Comrade Deng Xiaoping's works on reform, development, and stability, making sure that the objective of our education and that of the party are the same and synchronized. We should have practical and effective measures for organizing the vast number of party members

to study socialist market economy, science, and technology so that not only will they be politically, ideologically, and theoretically sound, but they will also be knowledgeable about market economy and science and technology as well as about business, and can play their parts in promoting reform, development, and stability. We should use the actual results achieved in improving party members' quality and promoting reform, development, and stability to measure the effectiveness of educating party members. Third, we should attach importance to heightening party members' party spirit and build a contingent of party members who can withstand tests. To heighten party members' party spirit, we should pay special attention to educating them on party objectives, conduct, and discipline.

Chen Huanyou said party committees at all levels must exercise stronger leadership over party members' education. He stressed that party members' education is a responsibility that all party committees should discharge and an important responsibility for party organizations to perform in managing party affairs. He said: Party committees must place party members' education high on their agendas and consider it their responsibility in party building. Leading comrades of party committees should go deep into the realities of life to intensify investigation and study, and they must make a regular practice of summing up and popularizing the new experiences gained in educating party members. Various departments should divide the responsibilities among themselves and coordinate their work in educating party members. The system of holding joint sessions in discussing party members' education should be improved so that the work of educating party members can be analyzed, reviewed, studied, and planned in a timely manner. While we must carry forward our fine traditions and effective ways when we educate party members under the new situation, we must also have the courage to reform, explore, and innovate. All localities and units must continue to implement effective measures and create the necessary conditions for party members' education. We should form a stronger contingent of education cadres and improve the educational network in which municipal and county party schools play the leading role, the grass-roots party schools are the mainstay, and party branches' activity centers are the branches. We must give full scope to these bastions' functions in educating party members.

Attending the provincial conference on party members' education were secretaries of municipal and county (city and district) party committees in charge of party members' education and individuals in charge of propaganda, organization, and discipline affairs as well as persons in charge of provincial units and provincial organs, totaling more than 180 people. The provincial party committee also commended 346 outstanding party workers in Jiangsu at the meeting.

Also present at yesterday's meeting were Cao Hongming, provincial party committee deputy secretary; Hu

Fuming, a member of the provincial party committee standing committee; Pan Zongbai, deputy head of the provincial party committee Propaganda Department; Ko Guangjian, deputy head of the provincial party committee Organization Department; and Cao Quanren, a member of the provincial Discipline Inspection Commission Standing Committee.

### **Shandong Capital's Individual-Run Enterprises Increase**

SK2607025494 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 24 Jul 94

[Text] Jinan city has achieved rapid development in encouraging individuals to open enterprises. The number of its individual-run enterprises has surpassed 106,000, and they accommodate over 220,000 personnel. In the first half of this year, these enterprises saw over one billion yuan in income and handed over over 70 million yuan in taxes to the state, which accounted for seven percent in the city's economic income. They have become the new growing points of the city's economic development.

Characteristics cropping up in the city's individual-run enterprises are as follows: The scope is large and economic results are good. There are 15 large enterprises that possess more than one million yuan of registered funds. Funds registered by the Huangtai sub-plant of Jinan auto refitting plant and the Guangming Machinery Corporation Ltd. in Jinan exceed 10 million yuan. They have improved upon their leading role in development. The organizational styles of these enterprises are gradually being transited to higher levels. The number of joint-venture enterprises has decreased. The proportion of limited liability companies and solo-funded enterprises has increased. According to the data of investigations conducted among 1,500 enterprises, the number of limited liability enterprises is 286 and that of solo-funded enterprises is 935. In addition, these enterprises have made prominent progress in engaging in tertiary industry. As of the end of June this year, there were more than 29,500 enterprises that had taken up the business of commerce, food service, and communication and transportation. There were more than 70,000 service networks and centers opened by these enterprises, which accounted for 30 percent in the city's total number of such networks and centers.

### **Leaders Attend Shanghai's Anticorruption Meeting**

OW2607035794 Shanghai WEN HUI BAO in Chinese  
17 Jul 94 p 1

[By correspondent Zheng Changbu (6774 7022 1009): "Shanghai Achieves Notable Results in Anticorruption Drive, Says Central Investigation Group After Conducting Investigation in Shanghai"]

[Text] Yesterday afternoon, the Central Investigation Group [CIG] briefed municipal party committee and

municipal government leaders on its findings on Shanghai's anticorruption drive at the municipal party committee's auditorium. According to the findings, the municipal party committee and government, as well as party and government leaders at all levels in Shanghai, have adopted a firm approach and effective measures to implement the guidelines of the Third Plenary Session of the CPC Central Committee's Discipline Inspection Commission. All principal leaders have been personally involved with the anticorruption drive and have done an enormous and solid work. On the basis of the results achieved last year, Shanghai has scored further notable achievements in fighting corruption this year.

The CIG conducted in-depth inspection, investigation, and study, in Shanghai 4-16 July. The group listened to briefings by the municipal party committee, government, discipline inspection commission, commission on politics and law, and office on correcting unhealthy practices. It talked individually with leaders of the municipal people's congress and the municipal committee of the Chinese People's Political Consultative Conference and vice mayors. It held discussion with university professors, concerned, democratic party officials, retired officials, administrators of colleges and universities, medium and large enterprises, and grass-roots cadres. It looked up more than 100 meeting records and relevant documents. It also conducted on-the-spot observations in the Pudong New District; Changning, Zhabei, Nanhui, and Jinshan districts; and counties. In spite of the summer heat, the group members went deep into the realities and carried out the work in a down-to-earth manner, winning praises from cadres and the masses.

Among those leaders who listened to group head Liu Mingren's briefing yesterday were Wu Bangguo, municipal party secretary; Huang Ju, mayor; Chen Liangyu, municipal party deputy secretary; Luo Shiqian, standing committee member and organization department director of the municipal party committee; and Zhang Huixin, secretary of the municipal discipline inspection commission and chairman of the municipal supervision commission. The group members said: Shanghai has attached great importance to the current investigation, actively coordinated with the group, and worked out meticulous arrangements to ensure the investigation's smooth progress. As a result, the original objective has been accomplished.

Comrade Liu Mingren pointed out: Shanghai has carried out the anticorruption drive's three tasks in a healthy manner. So far, over 90 percent of units have convened meetings in accordance with the five new regulations for examining and correcting party and leading cadres in honesty and self-discipline. Since the second half of last year, efforts have been stepped up in handling cases related to corruption. Following the central telephone conference, Shanghai further adopted measures to expedite the handling of cases. As far as the correction of unhealthy practices is concerned, Shanghai has persistently carried out the work in the spirit of reform and on

a routine basis in line with the central authorities' requirements and in light of the municipality's actual conditions, thereby winning affirmation from the central leading comrades. Comrade Liu Mingren said: In the course of investigation, group members were impressed with the following characteristics of Shanghai's anticorruption drive: 1. Shanghai has correctly handled the relationship between the building of the two civilizations, thus enhancing the awareness of fighting corruption. 2. Its principal leading cadres have set a good example and taken the initiative in leading the anticorruption drive. 3. It has attached great importance to ideological education among cadres by publicizing healthy practices and identifying role models. 4. It has paid keen attention to institutional construction and striven to carry out the anticorruption drive on a systematic and standardized basis. 5. It has studied new problems in new areas and worked hard to keep the anticorruption drive in pace with reform.

Discussing the existing problems, Comrade Liu Mingren said: Overall, Shanghai has done a good job in promoting clean government. However, the progress has been uneven. There exist a few weak links concerning party and government leading cadres' honesty and self-discipline, investigation of major corruption cases, and correction of unhealthy practices in various trades and professions. Much remains to be done in fighting corruption and promoting clean government. Comrade Liu Mingren, urging Shanghai to continue to pay close attention to ideological mobilization, said: The handling of cases must be expedited. While investigating the special cases, efforts must be strengthened to pursue investigation of corruption cases in general. Moreover, the publicity on the anticorruption drive must be stepped up and the masses must be kept informed of its progress and achievements.

After listening to Comrades Liu Mingren's report, Comrade Wu Bangguo said: The CIG's current inspection has greatly encouraged Shanghai. The group has gone deep into the realities to seek truth from facts and objectively evaluate Shanghai's anticorruption drive. Problems identified by the group reflect the situation as it is in the municipality. The party Central Committee and the State Council, as well as Comrade Xiaoping and other older generation of revolutionaries members, have always attached great importance to and have supported Shanghai's work. We must resolutely implement the party Central Committee's and State Council's plan on fighting corruption and carry out the anticorruption drive in a thorough, sustained, and more effective manner from the height of comprehensively implementing the party's basic line.

### **Sun Yat-sen's Bronze Statue Unveiled in Shanghai**

OW2607110894 Beijing XINHUA in English 0954  
GMT 26 Jul 94

[Text] Shanghai, July 26 (XINHUA)—More than 100 people in Shanghai today attended a ceremony for unveiling of a bronze statue of Dr. Sun Yat-sen.



Sun led the revolution of 1911 to overthrow the Qing dynasty (1644-1911).

The statue is placed in the yard of Sun's former residence in Shanghai City.

The statue, 2.2-meter in height, was built in the 1930s and it had been kept by Soong Ching Ling, Sun's wife and the late honorary president of China.

### **Shanghai State Enterprises Increase Processing Trade**

OW2607034294 Beijing XINHUA in English 0208  
GMT 26 Jul 94

[Text] Shanghai, July 26 (XINHUA)—Shanghai's state-owned enterprises are now actively participating in the processing trade.

According to statistics provided by the Shanghai Customs Office, these enterprises have recorded 5,252 contracts for the processing trade in the first half of this year, an increase of 31 percent over the same period last year.

And they imported 1.447 billion U.S. dollars worth of materials and equipment for bonded processing trade during this period.

Relying on their own skilled personnel and systematic management mechanism, state-owned and collective enterprises have introduced advanced technology and equipment from developed countries since last year to boost the processing trade and export-oriented economy.

At present state enterprises are engaged in various fields including processing with supplied raw materials and machine parts, and assembling. Their trade partners circle the globe.

Shanghai Customs has adopted a series of effective measures to further encourage state enterprises to develop the processing industry.

### **Shanghai Commentary on Market, Tertiary Industries**

OW2607051994 Shanghai JIEFANG RIBAO in Chinese  
18 Jul 94 p 3

["Current Economic Affairs Commentary" by Chong Xia (6850 1115): "The Better the Situation Has Become, the More Sober-Minded We Should Remain"]

[Text] Six months have gone by and over one half of the assignments have been accomplished. On the basis of the annual 14 percent economic growth registered in the past two years, the economy grew another 13.6 percent during the first six months. Compared with the same period last year, the industrial output grew 17.1 percent, exports grew 24.5 percent, revenues grew 33.5 percent, and foreign capital that came to Shanghai grew 14.1 percent. Our priority construction projects were also progressing

satisfactorily. All this indicates that the outline of the scheme of "achieving substantial changes in three years" is already discernible.

However, the better the situation has become, the more sober-minded we should remain. While we must lead all the way to set a historical record and reach a higher level, we must also proceed firmly and steadily. Recently, the municipal authorities pointed out that we must have greater initiative and look farther ahead, and that we must also be better prepared for challenges and display a higher exploratory spirit. This is an important guidance for the work during the second half of the year, as well as a dosage of good medicine for helping to remain sober-minded.

**We must explore even increasingly broader markets.** It was not easy to sustain the rapid economic growth during the first half of the year when the intensity of reform was great, the macroenvironment was tight, and the mission to maintain stability was demanding. Coming along with this good news is also some bad news: The market situation was unsatisfactory. In the distribution sector, the volume of retail sales was lower than the same period last year. The output and sales of industrial goods also declined. The gross industrial output during the first half of the year was 196.36 billion yuan, and the sales rate was 95.9 percent. While that was 2 percentage points higher than the national average, it was 3 percentage points lower than that of 1993, showing that more than 8 billion yuan of industrial goods were not sold. Since consumption is the fundamental force that drives economic growth, sluggish market sales and accumulating unsold goods have undoubtedly cast a shadow on Shanghai's economic growth. This being the case, we must explore all markets—the market in Shanghai, the domestic market, and the world market—again and again. We must explore new markets and our goods must account for a larger market share so that we can provide new driving force for Shanghai's rapid economic growth.

**Qualities must be higher and higher.** The concept of "macroquality"—which include the quality of products, services, construction projects, education, and economic operations—is the life blood of Shanghai's economic development. In actuality, however, expending quality for speed, violating standard operating procedures for faster completion of projects, and disregarding business ethics for greater profits are frequent phenomena. Before this quest of false reputation is stopped, there is the danger that Shanghai's reputation will be tarnished. Thus, no matter what we do, we must fight the short-sighted pursuit of quick results without regard to quality and long-range interests. We must establish the concept that good quality is essential and the concept of winning with quality, and we must reestablish the reputation that "Shanghai-made goods are quality goods."

**The development of the tertiary industries must be faster.** The policy of developing Shanghai's industries—in the order of tertiary, secondary, and primary industries—is

an important guiding policy for Shanghai to restructure its industries and build Shanghai into a multifunctional economic center. During the first half of the year, however, Shanghai's secondary industry grew 17.1 percent, which was higher than the gross national product [GNP], but Shanghai's tertiary industries grew only 12.6 percent, which was lower than the GNP growth. How can tertiary industries account for a higher percentage in the GNP and contribute more to it? Since tertiary industries provide all kinds of services, are broadly associated, and yield high economic results while consuming only limited amounts of energy and material resources, they have become one important indicator of a city's prosperity and development. In many international cosmopolitans, their tertiary industries account for as high as 70 percent of their GNP, whereas those in Shanghai accounted for only 38 percent last year. If the annual growth is 2 percent (the added value should be higher than 3 billion yuan), Shanghai's tertiary industries will account for only 50 percent in the GNP by 2000. Thus, we must now pay special attention to developing Shanghai's pillar tertiary industries, such as banking, commercial, trading, and real estate businesses as well as tourism so that tertiary industries can yield higher added values and account for a higher percentage in the GNP. Meanwhile, to make sure that tertiary industries can develop faster, we must broaden the channels for tertiary industries and give them preferential treatment with regard to capital allotment, technical expertise, workers, and other important means of production.

**Our society as a whole must be even more stable.** During the first half of the year, leading authorities in Shanghai succeeded in creating a good social environment for high economic growth through accomplishing a great deal of work in alleviating outstanding problems relevant to reshuffling and relocating municipal organs, removing workers from their posts, and holding down price rises. We must be aware that new problems will appear after the old problems have been addressed. The economy is still developing in high speed, sizable reconstruction projects are still going on in old districts, enterprises are still deepening their reforms. The whole city is engulfed by big changes. Thus, to attain the goal of "achieving substantial changes in three years" by the end of this year, we must do our jobs meticulously and cautiously and make sure that Shanghai's economy can develop in a sustained, rapid, and healthy manner.

#### Foreign Trade Grows in Shanghai New District

OW2607062294 Shanghai JIEFANG RIBAO in Chinese 17 Jul 94 p 2

[By Li Lan (2621 3482) and Jia Min (1367 3046): "Foreign Trade of the New Pudong District Flourishes"]

[Text] The New Pudong District's import and export trade has become more dynamic this year. The total volume of trade conducted in the first half of this year reached \$1.639 billion, up 152.7 percent from that in the

same period of 1993. Import volume reached \$910 million, an increase of 187.8 percent; and export volume reached \$729 million, an increase of 119.4 percent.

The New Pudong District's trade for the first half of this year displayed the following characteristics: First, the general trade [yi ban mao yi 0001 5301 6319 2496] registered rapid export growth. Its January-June export volume reached \$446 million, or 139.9 percent more by comparison. Second, state-owned enterprises showed their vitality in import and export trade. From January to June, the volume of trade conducted by state-owned enterprises in the new district totalled \$1.032 billion, or a jump of 186.2 percent by comparison. Third, products such as textile and other light industrial goods, machinery, and electric appliances played the "leading role" in generating foreign exchange from exports. Fourth, the export market continues to display a manifold pattern, covering 152 countries and regions in five continents. Japan accounted for \$154 million of the exports, or 175.2 percent growth; Hong Kong \$106 million, or 116.6 percent growth; and the United States \$97 million, or 120.4 percent growth.

#### Li Zemin Addresses Meeting on Party Building

OW2607101394 Hangzhou ZHEJIANG RIBAO in Chinese 29 Jun 94 pp 1, 3

[Unattributed report: "At the Provincial Forum on Building Grass-Roots Party Organizations Li Zemin Stresses: Effectively Strengthen the Building of Grass-Roots Party Organizations To Adapt to the New Situation of a Socialist Market Economy"]

[Text] Yesterday the provincial party committee convened a provincial work forum on grass-roots party building to sum up and exchange work experiences since last year's provincial work conference on grass-roots party building and to discuss ways to further strengthen the building of grass-roots party organizations under the new circumstances, so as to provide an organizational guarantee for accelerating the province's reform, opening up to the outside world, and socialist modernization. Provincial Party Committee Secretary Li Zemin attended and addressed the meeting, which was presided over by Deputy Secretary Lu Zhangong.

Li Zemin said: While concentrating efforts on reform, opening up to the outside world, and economic construction, since last year party organizations at various levels in the province have adhered to the guiding principles of paying attention to both spiritual and material civilizations and exercising strict party administration, strengthened the building of party work style and clean administration, unceasingly carried out the anti-corruption struggle, earnestly implemented the guidelines of the provincial work conference on grass-roots party building, and promoted party ideology, work style, and organizational development at the grass roots to bring about gratifying changes in grass-roots party building. 1. The guiding ideology of "centering party building on

economic construction and promoting economy by taking good charge of party building" has further become a common understanding and conscientious action among party organizations at various levels in the province. Party organizations at all levels closely centered on economic construction to conscientiously incorporate party activities into the various links of economic work and push forward the party's self-development. 2. Grass-roots party organizations' fighting power has been further toughened and improved. Rural areas stressed the comprehensive development of village-level organizations with village party branches as the core, intensified efforts to rectify and transform backward branches, unfolded extensive activities for marching toward a relatively well-off living standard, and created several demonstration villages and advanced party branches in marching toward a relatively well-off living standard. Enterprise party organizations centered on enterprise reform as well as production and operation to carry out party work, gaining substantial new experiences in giving play to party organizations' role as the political core. Some beneficial explorations were made into party building in new economic organizations, while party work was further strengthened in government institutions and institutes of higher learning. 3. Party members' education has been focused on enhancing party spirit, emancipating the mind, seeking truth from facts, changing their mentality, and mastering skills to enable them to contribute to reform, opening up to the outside world, and economic development. Party members were organized to study the theory of building socialism with Chinese characteristics, basic knowledge of socialist market economics, and modern scientific and cultural knowledge to upgrade their caliber. Grass-roots party organizations and the vast contingent of Communist Party members played the role of a solid fighting bastion as well as pioneers and models in developing the economy, advancing reform, and stabilizing society, and at crucial moments for accomplishing urgent, difficult, dangerous, and heavy tasks, of fighting floods and helping disaster relief and safeguarding state property and the people's lives and safety. 4. Grass-roots party organizations' way of working has been improved, with the perfecting and popularization of such effective means as party member contact place, responsibility zone, and discussion meeting; implementation of a responsibility system for administering and attaining party building targets; formulation of relevant regulations for grass-roots party building and ideas to implement them; and establishment and perfecting of a series of party-building work systems.

Li Zemin pointed out: Under the new circumstances of accelerating reform and opening up to the outside world and establishing a socialist market economic system, many weak links and ill-suited details still remain in grass-roots party building; all these call for continual study, exploration, and improvement in our future work.

Li Zemin stressed: Grass-roots party organizations are the foundation of all of the party's work and fighting

power as well as the basis for its rule. Under the new circumstances of developing a socialist market economy, the party's leading position must not be shaken, weakened, or diluted. No matter how enterprises' organizational form changes, party organizations' role as the political core must not change. As rural areas persist in developing an ownership structure that embraces diverse economic sectors with socialist public ownership as the mainstay, grass-roots party organizations' role as the core of leadership must not change. Reform of the property right system in village and town enterprises and the separation of government administration from enterprise management do not mean township, town, and village party organizations can give up leadership over economic work. At the same time, it is necessary to earnestly study effective ways and means to strengthen the building of grass-roots party organizations under the conditions of a socialist market economy.

- The shift from the traditional system of a planned economy toward a socialist market economic system has placed a higher demand on the standard of leadership and the way of working among grass-roots party organizations and has urgently required the leading bodies of grass-roots party organizations to further improve their structure, upgrade their caliber, and continually strengthen their ability to lead the masses to developing a socialist market economy.
- With the gradual establishment of a modern enterprise system, the enterprise leadership system also underwent changes that urgently required enterprise party organizations to strengthen themselves, open up new ways to give play to their role as the political core, and gradually form, in line with the modern enterprise system, a set of systems and measures for participation in major decision making, for strengthening ideological and political work, and for giving play to the workers and the masses' role as the master.
- Under the conditions of a socialist market economy, a variety of new economic organizations have emerged one after another and have become new growth points for the provincial economy. Because of the party's weak strength in these organizations, coupled with the problem that many new economic organizations span different trades and areas, the old practice of administering grass-roots party organizations in a uniform manner according to administrative divisions has failed to cope with the situation. All these call for corresponding replenishment and adjustment by us with regard to the establishment and form of activities of grass-roots organizations.
- With the development of the socialist market economy, rational flow of production factors, establishment and opening up of labor and qualified personnel markets, the flow of party members has increased and spread over an increasingly large area. How to give play to party members' role as pioneers and models? There is a pressing need to study and



finalize a set of methods for educating and overseeing party members that are suited to the new circumstances.

—As the development of the socialist market economy as well as the readjustment of interests relationships and distribution in society has an inevitable impact on the ideological and moral concepts, values, and lifestyle of cadres with party membership, there is a pressing need to study new thinking for strengthening party member education, to resist and eliminate the negative impact of market economy, to maintain the party's advanced bearing and purity, and to forge closer flesh-and-blood ties between the party and the masses of the people.

Li Zemin said: To strengthen the building of grass-roots party organizations at present, we must persist in taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as our guide, follow the party's basic line, persistently center on economic construction, try hard to cope with the new circumstances of building a socialist market economic system, and, in particular, closely link ourselves with the party's overall work situation of "seizing the opportunity, deepening reform, opening up wider to the outside world, promoting development, and maintaining stability," to comprehensively strengthen the building of grass-roots party organizations in terms of ideology, political quality, organization, and work style.

The present emphasis in promoting grass-roots party organizations is to take good charge of rural and enterprise party organizations. To promote rural grass-roots party organizations, we should first take good charge of the comprehensive development of village-level organizations with village party branches at the core. Our main tasks are to build good branches that are capable of leading the masses to common prosperity and to select branch secretaries who pay attention to party spirit, have a clear direction, know economics, and are good at business operations and mindful of serving the masses. The province still has some weak, slack, and even paralyzed or half-paralyzed branches at the moment; party organizations at various levels should spend more energy on helping them take on a new look. Second, we should find an economic development path suited to local realities and continually develop and strengthen village-level collective economy. In promoting enterprise party organizations, we should center on changing operating mechanisms and boosting production and operation to enthusiastically explore new ways for and sum up new experience in the party organizations' participation in major decision making, adherence to the principle of placing cadres under party control, and exercising leadership over ideological and political work in enterprises. We should make difficult points in enterprise reform and development as well as hot spots of common interest to workers the focus of work for enterprise party organizations and should give full play to the party organizations' role as the political core.

Li Zemin stressed: It is necessary to strengthen party building in new economic organizations. Regardless of category, all economic organizations meeting the requirements for setting up a party organization should set one up and begin its work as soon as possible. Those economic organizations that have yet to meet the requirements should gradually create the necessary conditions and then set up a party organization. Small enterprises with a small number of party members may set up joint branches with nearby, similar enterprises in the same trade. Enterprise party organizations already in existence should explore and improve ways of working and carrying out activities to dovetail themselves with the reform aimed at establishing a modern enterprise system. Particularly in forming new joint-stock cooperative enterprises and state-owned enterprises and in changing operating mechanisms of village and town collective enterprises, we must simultaneously consider and make arrangements for the establishment and readjustment of party organizations. Regardless of the category of economic organizations and of any changes to the leadership structure and property rights relationships in an enterprise, the enterprise party organization's position and role as the political core as well as the advanced bearing of the party's vanguard of working class should never be shaken.

Li Zemin said: Strengthening the building of the contingent of party members and giving full play to party members' role as pioneers and models are the major content of party building as well as an important way of realizing leadership by the party. A very pressing issue in present efforts to strengthen the building of the contingent of party members is the need to closely link with the realities of reform and opening up to the outside world, conscientiously take good charge of party-spirit education, strengthen the tempering of party spirit, and upgrade party members' caliber. It is necessary to educate every Communist Party member to conscientiously transform world outlook; adhere to the lofty ideals of communism and the purpose of serving the people wholeheartedly; display honesty in discharging official duties; exercise self-discipline; conscientiously resist erosion by money worship, hedonism, extreme individualism, and other decadent thinking; and maintain the purity and advanced bearing of a Communist Party member.

Addressing how party committees at various levels should strengthen leadership over grass-roots party building, Li Zemin said: Party committees at all levels should adhere to the principle that the party should discipline itself and—while concentrating efforts on reform, opening up to the outside world, and economic construction—firmly grasp the key of party building and manage to improve party building as reform, opening up to the outside world, and economic development proceed further. The key to strengthening grass-roots party building lies in the energy of county party committees and county party committee secretaries to take charge of party building. It is necessary to build a party-building

responsibility system at all levels to truly carry out the various tasks of grass-roots party building. We should respect grass-roots practice and creations, be skillful in discovering models, promptly sum up successes, and guide and promote demonstration work.

At the forum, the Hangzhou, Ningbo, Wenzhou, and Shaoxing City Party Committees, as well as the Zhejiang Agricultural University Party Committee and the provincial Public Health Department Party Committee gave separate speeches on special topics, including ways of properly carrying out party building in foreign-funded enterprises, enthusiastically exploring new ways of strengthening party building in business conglomerates, rural joint-stock cooperative enterprises, village and town enterprises, and among students, to earnestly carry out the function of party organizations in government organs, and take good charge of intra-party supervision.

Also attending the forum were Provincial Party Committee Secretary General Lu Zushan, city and prefectural party committee deputy secretaries in charge of party-people work, deputy directors of city and prefectural party committee organization departments who are in charge of party-people work, as well as responsible persons of relevant departments directly under the provincial party committee.

#### **Zhejiang's Wenzhou Builds Major Infrastructure Projects**

OW2507142994 Beijing XINHUA in English 1414 GMT 25 Jul 94

[Text] Hangzhou, July 25 (XINHUA)—Wenzhou in east China's Zhejiang Province, which pioneered China's move toward a market economy, is concentrating on building infrastructural facilities to meet its rapid economic development.

According to Mayor Chen Wenxian, Wenzhou plans to build three harbors with nine berths and wharves in addition to a local railway and highways.

It will invest 330 million yuan in expanding the Wenzhou Airport and build a long-distance telecommunications center.

Projects scheduled for construction include the second stage of the Wenzhou power plant, hydroelectric power stations, the Dongshan oilfield, water supply facilities, schools, hospitals and a sports center.

The city government plans to transform the old urban districts alongside the construction of new residential buildings and the plantation of trees, gardens and lawns.

Chen noted that these projects will be built with public efforts including loans borrowed from companies at home and abroad and the issue of bonds and stocks.

#### **Zhejiang Petrochemical Plant To Launch Shares**

OW2507114594 Beijing XINHUA in English 0957 GMT 25 Jul 94

[Text] Ningbo, July 25 (XINHUA)—Zhenhai Petrochemical Plant in east China's Zhejiang Province plans to launch shares in Hong Kong soon.

The plant, which has the best economic performance and fastest development speed in China's petrochemical industry, has just finished the adoption of the shareholding system and has been re-named Zhenhai Refinery and Petrochemical Shareholding Co., Ltd.

It now has an annual production capacity of seven million tons of gasoline and diesel and a set of equipment with an annual production capacity of 520,000 tons of urea. It also has 150,000-ton wharves which can handle 15 million tons of crude oil annually.

It is the first plant in China to refine overseas crude oil and has refined more than 20 kinds. Its products have entered more than a dozen countries and regions, including Japan, Australia, the United States and Southeast Asia.

Over the past three years, the company has enjoyed an annual increase of 39 percent in terms of after-tax profits. In the first half of this year, it reported 690 million yuan in profits, more than the total for last year.

The company plans to use the funds raised from shares to expand its refining equipment and build a larger set of refining equipment within the century.

### **Central-South Region**

#### **Guangdong Issues Emergency Notice on Flood Situation**

HK2507144794 Beijing ZHONGGUO XINWEN SHE in English 1150 GMT 25 Jul 94

[Text] Guangzhou, 25 Jul (ZHONGGUO XINWEN SHE)—Floods hit Guangdong Province seriously and the province is now in critical state. The provincial government issued an emergency notice yesterday to mobilize local governments under its jurisdiction to fight floods.

The emergency notice pointed out that water levels climbed sharply in the Xijiang River and the Beijiang River after heavy rain and even rainstorms had recently stricken the upper reaches of the two rivers. The flood peak of the Xijiang River at Gaoyao reached 12.5 metres high which surpassed the warning level by 3.5 metres early this morning, while the water level in the Beijiang River was also above the warning level. The water level in Qingyuan rose to 13.2 metres, 1.2 metres higher than the warning level at noon today while the water level in Shijiao was 0.9 metres higher than the warning level. As

heavy rain shifted southwards to the Pearl River Delta in which rain was coincided by spring tide, the situation was very critical.

The emergency notice called for first various local governments to stay in high alert and make all necessary preparations to prevent as well as fight floods. Work on disaster relief is necessitated.

Second, leading officials at various levels must go to front to command in person the anti-flood work. Flood patrol teams must be organized to check water conservancy facilities. Anything wrong found there has to be immediately tackled in a bid to ensure safety.

Third, local governments at various levels have to guarantee safety of residents affected by flood, and relief arrangement for those affected residents has to be properly made.

Fourth, various departments have to lose no time to prevent and fight floods. Concerted efforts have to be made to handle possible emergency state should it happen. Be on the alert for any changes of flood and keep each other well informed about the situation.

#### Guangzhou Issues 'Urgent' Notice on Land Use

HK2507144394 Beijing ZHONGGUO XINWEN SHE  
in English 1156 GMT 25 Jul 94

[Text] Guangzhou, July 25 (CNS)—An urgent notification has been issued by Guangzhou municipality to strictly ban on illegal use of land and unlawful construction.

Many problems still exist in the planning, construction and management of the land in Guangzhou City and its townships. Illegal use of land and unlawful construction are still serious in certain districts and units. Thus the municipal Party committee and government have issued an urgent notification requiring that any firm or individual who wants to utilize either state- or collectively-owned land for construction should first go through relevant procedures before the start of construction. City planning and management department, land administrative bureau as well as other administrative departments concerned, should strictly follow the land approval procedures. Anyone who abuses his power to give "approval" which is beyond his power will be investigated by the municipal supervision department. Those involved and their leaders in charge will be held responsible for their malpractice.

According to the notification, no transaction, sale or mortgage are allowed to constructions such as the "pool-funded apartment buildings" or other projects on collectively-owned land or some residential property without being approved by the planning and management department and the land administrative bureau. Property management agencies must not acknowledge the property right. Notary public must not issue any notarial documents. Water supply department must not supply

water while power supply department must not provide electricity. Census registry offices of public security bureau must not handle their registration. Anyone who abuses his power and give "approval" which is beyond his power will have to be corrected. Those directly responsible for serious errors will receive administrative disciplinary measures and those committing crime will be handed over to the judicial department.

#### Guangdong Experiences Slowdown in Economic Growth

HK2507144694 Beijing ZHONGGUO XINWEN SHE  
in English 1235 GMT 25 Jul 94

[Text] Guangzhou, 25 Jul (ZHONGGUO XINWEN SHE)—An official from the Guangdong Provincial Economic Commission claimed today that owing to the shortage of funds and the weakening of demand in domestic market, the industrial growth in the province started to slow down in the first half of this year.

The industrial output value in the province in the first half of this year was RMB [renminbi] 201.7 billion, 22 percent up over the same period of last year but its growth slowed down compared with the growth of 36 percent in the same period of last year.

The official held that the shortage of funds greatly effected the industrial production there. Loans issued by banks to the industrial sector in the province in the first half of this year was reduced by RMB 1.6 billion over the same period of last year.

The drop of growth of investment in fixed assets was another main factor for the slow-down of industrial growth in the first half of this year. The growth of investment in fixed assets in this period was reduced by 63 percentage points. Such reduction has weakened the sustaining power for industrial production in the province.

Owing to the tightening of loan issuance and the reduction of investment, the market demand in this period obviously weakened. The ratio of industrial production to sale in the province in this period was 93.5 percent, a slightly drop over the same period of last year.

The province has seen one third of its industrial products sold outside the province but the selling of such products has suffered from the flood disaster which started from last month there.

#### More Housing Built in Guangdong for Common People

OW2607093894 Beijing XINHUA in English 0905  
GMT 26 Jul 94

[Text] Guangzhou, July 26 (XINHUA)—The provincial government of Guangdong in southern China has done much in curbing overheated villa construction and encouraging the building of cheaper housing for common people.



Over the past couple of years, some land development companies pooled large sums of funds from banks and other financial organs to concentrate on building luxury villas.

However, these villas are too expensive to attract buyers. So far only about 10 percent of such villas already built have been sold. As a result, funds are recovered.

Since the second half of last year, the provincial government enhanced efforts in guiding the real estate market by curbing loans to expensive dwelling projects.

Land development companies are encouraged to deal with cheaper housing, commercial shops and office buildings. At present, such projects dominate the province's real estate market, according to officials with the provincial construction department.

### **Guangxi Firm To Manufacture Passenger Aircraft Tires**

OW2507193694 Beijing XINHUA in English 1537  
GMT 25 Jul 94

[Text] Guilin, July 25 (XINHUA)—The Civil Aviation Administration of China today issued a license to a company in Guangxi to mass produce tires for large passenger planes, thus ending China's history of not being able to produce such tires.

The licensing will allow the Guilin Lanyu Aviation Tires Development Co. to produce tires for nine kinds of large passenger planes, including Boeing and McDonnell series, official sources said.

The sources said this would add China to the few countries in the world producing such tires—the United States, Britain, France and Japan.

The sources said the company in Guilin, a major tourist city in the autonomous region, took five years to develop the work, a "Torch Plan" project, and succeeded despite technical blocks by Western countries.

Lanyu is a high-tech co. created by the Shuguang Rubber Industry Institute of the Ministry of Chemical Industry.

According to the sources, the tires of Lanyu Co. won high praise from experts of the Federal Aviation Administration of the United States in a "shadow inspection" in May.

### **Hainan Speeds Up Construction of Daguangba Power Station**

OW2607080794 Beijing XINHUA in English 0652  
GMT 26 Jul 94

[Text] Haikou, July 26 (XINHUA)—South China's Hainan Province is speeding up construction of the Daguangba hydroelectric power station to ease its power shortage problem.

The power station is located on the province's second-longest river, the Changhua.

It will have a 5.842-km-long dam, the longest in the country.

Construction of the plant, with a combined generating capacity of 240,000 kw, is scheduled for completion next year.

So far, two generating units, with a total capacity of 120,000 kw, have gone into operation, and the third is expected to generate electricity in October this year.

Upon completion, a local official in charge of the project said, the power station will not only produce 520 million kwh annually, but also irrigate more than 66,300 ha of farmland, and help develop tourism and industry.

### **'Largest' Solvent Plant Begins Operation in Henan**

OW2607034394 Beijing XINHUA in English 0300  
GMT 26 Jul 94

[Text] Zhengzhou, July 26 (XINHUA)—The Puyang Solvent Factory, believed to be China's largest of its kind, has started operation in the high-tech development zone of Puyang City, in central China's Henan Province.

As important chemical base materials, solvents are widely used in the fields of medicine, printing and military industries. Many Chinese factories used to depend heavily on imports of solvents from foreign countries because of a shortage on the domestic market.

According to local officials, the new factory, with rich local resources of maize as the raw material, will turn out 5,800 tons of butanol, 3,200 tons of acetone and 1,000 tons of ethanol a year.

### **State-Owned Assets Predominant Over Social Assets in Hubei**

HK2507144494 Wuhan Hubei People's Radio Network  
in Mandarin 1000 GMT 15 Jul 94

[Text] The provincial state-owned assets administration announced in early July that the total book value of Hunan's state-owned assets up to the end of last year, not including those of central units in Hubei, was 71.1 billion yuan, an increase of 1.5 billion yuan or 2.23 percent over 1992.

Basing himself on this, an authoritative person of the provincial state-owned assets administration affirmed that the total value of state-owned assets is predominant over the total value of social assets, and that state-owned assets are a predominant force in the province's national economy.

The pattern and distribution of state-owned assets in Hubei are as follows: The stock of enterprises, including

those owned by the whole people; foreign-invested enterprises; shareholding enterprises; and real estate enterprises; is 44.2 billion yuan, accounting for 59.3 percent of total. The stock of administrative and public institutions is 25.5 billion yuan, accounting for 35.9 percent. The stock of county and city units is 3.4 billion yuan, accounting for 4.8 percent. In terms of state-owned assets used by various levels, of the 74.1 billion yuan of state-owned assets in Hubei, provincial-level units directly manage or use 13.9 percent; Wuhan City manages or uses 33.9 percent; and units directly under the prefecture, city, autonomous prefecture, and county governments manage or use 52.2 percent.

There are still some problems in the management of state-owned assets. To solve this, the provincial state-owned assets administration says that the idea for reforming the management of state-owned assets in the near future is to strengthen the basis, enliven the stock, deepen the reform, and invigorate the enterprises in order to promote the continuous development and expansion of the national economy as a whole.

#### **Hubei Sees Rapid Economic Growth in First Half of Year**

*HK2607014394 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 14 Jul 94*

[Text] Yesterday, the provincial statistical bureau issued a report on the economic situation in the first half of this year. In the first half of this year, in the general environment of carrying out many items of reforms, promoting development of the whole, and exercising macroregulation and control, the overall situation of the operation of the national economy IN Hubei was basically normal, and industrial production grew in a sustained and rapid manner.

In the first half of this year, the rough estimate of the GDP of the whole province reached 61 billion yuan, 12.8 percent over the same period last year as calculated according to comparable prices, and higher than the average level of 12 percent of the country. The industrial production maintained high-speed growth. The accumulated gross industrial output value at the township level and above of the whole province in the first half of this year was over 103 billion yuan, 21.3 higher than the same period last year. A bumper harvest of summer crops was reaped. The area of spring sowing was stable and had a slight increase. Both the unit-area yield and gross output of summer grain increased. The actually measured output of summer grain reached 4,727,00 tonnes, 40,000 tonnes over last year. The total output of summer edible oil crops was estimated to be 960,000 tonnes, a record high in history. The results of macroregulation and control gradually were demonstrated. The range of growth in fixed-asset investment gradually decreased. The momentum of the excessive rise in commodity prices was curbed. Various reforms progressed quite smoothly. The situation of foreign trade, exports, and finance was quite good. In the first half of this year,

the total volume of foreign trade and export of the whole province reached \$1.039 billion, 36.2 percent over the same period last year, and the highest level in the same period in recent years. The increased volume of bank deposits of the whole province was evidently greater than the increased volume of loans. The situation of withdrawing currency from circulation was quite good. The increase in the income of residents was greater than the rise of commodity prices. The livelihood of residents was basically stable.

In analyzing the situation of economic operation in the first half of this year, the provincial statistical bureau also pointed out that in the economic operation of our province, problems also exist and they should not be overlooked. They are mainly expressed in: The range of growth in retail commodity prices remains at a high level. Although improvement has been made in the situation of the production and operation of state-owned industries, quite a few enterprises still lack vitality. The contradiction of market restraints is quite conspicuous. The bureau holds that in the second half of this year, the whole province should strengthen work in marketing products; earnestly readjust product mix; maintain rapid and effective economic growth; continue to attach importance to, and strengthen agriculture to ensure a steady increase in the output of major agricultural produce; energetically promote the change in mechanism and structure of state-owned enterprises and increase their vitality; strictly control new factors causing increases in commodity prices; and continue to strengthen supervision and control over commodity prices.

#### **Wang Maolin Addresses Hunan Study Session on Deng Works**

*HK2607102894 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 14 Jul 94*

[Text] On the morning of 13 July, the third theoretical study and discussion session for major leading cadres at the prefectural and departmental levels in Hunan to study Volume 3 of the *Selected Works of Deng Xiaoping*, opened at the provincial party school. Leading members of the Hunan Provincial CPC Committee Wang Maolin, Chu Bo, Hu Biao, and Wen Xuande, and provincial party school Principal Ning Sheng attended the opening ceremony and made speeches. Wen Xuande presided over the opening ceremony.

Attending the current study and discussion session for leading cadres at the prefectural and departmental levels are major party and government leading cadres of various prefectures and cities, and major leading cadres of bureaus and departments directly under the provincial authorities—a total of 80 cadres. The session will last two weeks.

Comrade Wang Maolin urged cadres attending the third study session to think seriously about the following issues: Having a correct understanding of the rational

integration of the market economy with the planned economy; how to properly handle the relationship between reform and development on the one hand, and stabilization on the other; how to understand the idea that development is the last word; important tactical questions related to the economic development strategy of hinterland provinces; and upholding the principle of grasping with both hands and grasping firmly with both hands.

In his speech, Comrade Chu Bo said: In the last two study sessions, cadres deepened, through study, their understanding of Deng Xiaoping's theory of building socialism with Chinese characteristics. Cadres attending the third study session should study better and get better results.

### **Macroeconomic Situation in Hunan Develops Favorably**

*HK2607093794 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 14 Jul 94*

[Text] According to a report from the Hunan Provincial Statistical Bureau, the macroeconomic situation in Hunan Province continues to develop in a favorable direction since the beginning of this year. In the first half of this year, the province's GNP reached 55.7 billion yuan, 10.4 percent over the same period last year as calculated according to comparable prices.

In the first half of this year, the industrial outputs of 14 prefectures, autonomous prefectures, and cities in Hunan Province all increased. The total industrial output value of industrial enterprises at the township level and above throughout the province was 62.453 billion yuan, 13.6 percent over the same period last year. The economic results of industrial production increased month by month. A momentum of development rarely found in recent years has emerged in agriculture and in the rural economy. The scale of fixed-asset investment was put under control, with total planned investment for newly started local projects throughout the province being 21.34 percent less than last year. The consumer goods market grew steadily. In addition, new reform measures were implemented smoothly. Foreign trade and export continued to develop, and the volume was 38.3 percent over the same period last year. The financial situation was basically normal. By the end of June, the balance of various kinds of deposits in financial organizations was 99.135 billion yuan, 29.637 million yuan over the same period last year.

### **Hunan Expands Export-Oriented Farming**

*OW2607033994 Beijing XINHUA in English 0131 GMT 26 Jul 94*

[Text] Changsha, July 26 (XINHUA)—Central China's Hunan Province has made painstaking efforts to promote export-oriented farming and the efforts have begun to pay off.

Information from relevant departments reveals that the province earned 400 million U.S. dollars from the export of farm produce in the first six months of this year, an increase of 30 percent compared with the same period of last year.

Hunan is one of China's leading grain producers, with the output value of agriculture making up 40 percent of the province's gross domestic product.

Local officials attributed the bright prospects in farming to the fact that provincial authorities have attached great importance to the development of export-oriented farming and have encouraged the application of agro-scientific achievements in the fields of plantation, breeding and processing.

### **Southwest Region**

### **Sichuan Capital Seeks Regional Financial Center Status**

*HK2607034394 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 26 Jul 94 p 4*

[By Daniel Kwan]

[Text] Chengdu, capital of Sichuan province, is striving to become the regional financial centre, according to a city official visiting Hong Kong yesterday. He Shaohua, vice-mayor of Chengdu, said the city had been given permission by Beijing to invite foreign financial institutions to open representative offices.

So far, three foreign banks—Singapore's Overseas Union Bank, Standard Chartered from Hong Kong and Thailand's Bangkok Bank—had opened representative offices in the city. Mr He said Manulife Financial from Canada had also received approval to open a representative office. He said he was hopeful the foreign banks would be allowed to upgrade their representative offices into branches soon. He said there were no other cities in the region that could compare with Chengdu, which is the trading hub for the area.

However, he said there was little hope that Beijing would allow Chengdu to open its own stock exchanges, although more than 70 enterprises in the city had issued "legal persons shares" to staff and workers and only four were listed on the stock exchanges in Shenzhen and Shanghai. "To solve the problem of liquidity of shares in Chengdu, (we) must set up (our own) stock exchange," Mr He said. Earlier reports said cities such as Tianjin, Wuhan, Dalian and Shenyang had submitted requests to open stock exchanges, but Beijing had so far refused this. Mr He said the only solution to illegal trading of shares in Chengdu was to open its own exchange. He said many mainland enterprises had already postponed their listing plans because of the recent lack of interest in the Shenzhen and Shanghai stock markets.



Meanwhile, he said Chengdu was still negotiating with Beijing to build the largest subway system in southwest China. The first phase of the subway project, which was expected to cost more than three billion yuan (about HK\$2.67 billion), had not been approved by the State Planning Commission (SPC) because of a nationwide clampdown on fixed assets investment. "We hope that Chengdu will be included by the SPC in the next batch of cities allowed to build subway systems," Mr He said.

A shortage of funds and the poor performance of medium and small state enterprises in the city were identified by Mr He as the two big hindrances to Chengdu's economic development next year. While inflation remained at about 20 per cent for the first half of this year, Mr He believed it would drop to about 15 per cent for the whole of this year. "There will be no difficulties for us to achieve our target of a 14 per cent economic growth rate this year," he said.

### **Preferential State Policies Strengthen Tibet's Economy**

#### **XINHUA Domestic Version**

*OW2507223994 Beijing XINHUA Domestic Service in Chinese 2123 GMT 20 Jul 94*

[By reporter Luobuciren (5012 1580 2945 0088)]

[Text] Lhasa, 21 Jul (XINHUA)—The central authorities have greatly enhanced the overall economic strength of the Tibet Autonomous Region by formulating a series of preferential policies and flexible measures to bring in large amounts of human, financial, and material resources, and to lend vigorous support to socioeconomic development in Tibet.

Being restricted by its historical and unique natural and geographical conditions, Tibet in the preliberation period relied mainly on a single-product, backward economy composed of farming and animal husbandry; the productive forces of the entire society were of a low standard; the region's material base was extremely backward; and all things still needed to be built. After liberation and especially since 1980, the central authorities have injected a new lease on life and vitality into the ancient plateau by formulating a series of special preferential policies and flexible measures to facilitate the development of all undertakings in Tibet: "The policy of letting farmers cultivate land independently and herdsman own the domestic animals they raise and conduct their own management; this policy will remain unchanged for a long time to come"; an exemption from farming and animal husbandry taxes; a low-tax system; banking loans whose size is not subject to controls; preferential interest rates; letting the region keep all the foreign exchange that it earns; and applying the "three guarantees" system in key middle and primary schools in agricultural and pastoral areas and border areas.

Before liberation, such types of infrastructure as energy resources, transportation, and communications facilities were almost nonexistent. After liberation, hydroelectricity became Tibet's main source of energy and geothermal energy its supplementary source; solar and wind power were also tapped by the region. Tibet successively built nearly 500 hydroelectric plants, and it opened up and built our country's biggest geothermal experimental base—the Yangbajain geothermal electric power station. It poured huge amounts of investment into comprehensively implementing the "Sunshine Project" and into building the Yang Hu electric power station, the world's highest hydroelectricity station, thereby boosting the entire region's installed electricity capacity from several hundred kw to 170,000 kw. As for transportation, it created a 220,000-km-long highway network centered around Lhasa. After opening up its "restricted airspace" in the 1950's with the construction of the Lhasa Gonggar airport, Tibet invested profusely in expanding the airport in the late 1980's and turned it into the highest modern airport above sea level in our country. Communications-wise, a Lhasa-based modern communications network which is linked to places inside and outside the region and which possessed multiple means of communications and a comprehensive communications capability tentatively took shape.

While undertaking large-scale infrastructure construction, the central authorities also supported Tibet's efforts to set up 3,179 schools, which had 245,400 students, and the enrollment rate of school-age children reached 63.2 percent. The authorities also helped create a natural sciences research system that covered relatively more fields. To cater to the needs of modernization on the Tibet plateau, the state has since 1985 established Tibetan middle schools and Tibetan classes, whose enrollment reached 11,000 people, in 26 provinces and municipalities in the inland.

Thanks to the construction and improvement of infrastructure facilities for the economy and the improvement of the quality of people, all undertakings in Tibet progressed by leaps and bounds. The effectively irrigated areas for the traditional farming and animal husbandry industries exceeded 1 million mu, and Tibet tentatively mended the situation whereby people "rely on nature to farm." Tibet reaped bumper grain harvests for six consecutive years, with the total output shooting up from 150 million kg in the early postliberation period to 600 million kg. Being armed with a greater ability to withstand natural disasters, the region's animal husbandry industry almost doubled in terms of the number of livestock, and it witnessed a great jump in the output of animal products. The per capita income of peasants and herders reached 521 yuan, and the people's living standards were relatively improved. There were 280 enterprises composing over 10 types of modern industries, including electric power, metallurgy, building materials, and wool spinning. The commercial sector was flourishing. By 1993, there were over 40,000 individuals engaging in industrial and commercial businesses in the

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autonomous region, and the total retail sales of goods in the society exceeded 1.9 billion yuan, or 4.3 times the amount in 1980. Over the past decade, a group of nascent industries which engaged in foreign investment, tourism, village and town enterprises, and geology and mining came to the fore here, and they became the pillar industries that supported the great beam of the nationalities' economy. Last year in the autonomous region, the total amount of imports and exports reached \$103 million, or 5.2 times that of 1980; the tourist trade generated 106 million yuan in business income from 23,000 overseas tourists or tour groups; and the income of village and town enterprises exceeded 100 million yuan.

At present, Tibet's economy has fully entered a new stage wherein it is linked with the economies of localities in the country; the region has taken markedly larger strides to open up; and its efforts to import goods from abroad and to establish lateral ties at home have followed a favorable trend. In 1993 alone, 41 projects to import from abroad or to establish lateral ties at home involving agreed-upon amounts of investment totaling \$9.63 million and 67.11 million yuan were established. Some figures in economic circles believe that Tibet is now facing its best historical period of development.

#### XINHUA English Version

OW2507162394 Beijing XINHUA in English 1522  
GMT 25 Jul 94

[Text] Lhasa, July 25 (XINHUA)—The central government has poured an enormous amount of money into Tibet Autonomous Region, which has greatly boosted its economic development.

Since 1980, the central government stipulated that land be leased free of tax to Tibetan farmers for a relatively longer period of time. Low interest loans are provided to Tibetan enterprises and all hard currency earned in Tibet can be kept by Tibetan enterprises and local governments, which is different from the common practice elsewhere in China.

Meanwhile, tuition, boarding and food expenditures for students studying in all the key middle and primary schools and all those in remote and border areas are covered by the government.

To enhance Tibet's economic development, the central and local governments have helped exploit hydro, solar and wind power on the plateau, resulting in the construction of nearly 500 hydropower stations.

The Yangbajain geothermal power station, China's largest experimental base for geothermal power, and another hydropower station, the world's highest, have boosted Tibet's power supply from several hundred kilowatts to 170,000 kilowatts.

Now Tibet has 22,000 kilometers of highway, a modern airport and a telecommunications network connecting Tibet to other parts of China and the rest of the world.

In education, Tibet has built 3,179 schools with 245,400 students being enrolled with the help of the central government. About 63.2 percent of Tibet's school-aged teenagers are in school. Over 200,000 Han Chinese were selected by the central government to help promote Tibet's scientific and technological development.

To help with Tibet's modernization drive, China has started Tibetan schools and Tibetan classes in 26 provinces and municipalities which enroll 11,000 Tibetan students.

The improved infrastructure and higher educational level have helped promote Tibet's development in other sectors. In agriculture, over 67,000 hectares of farmland in Tibet are under irrigation.

As a result, Tibet has reaped successive good harvests over the past six years. Grain output has jumped from 150 million kg in 1960 to the present 600 million kg. Animals in stock have also nearly doubled and per capita income for farmers and herdsmen in Tibet came up to 521 yuan (about 60 U.S. dollars) a year.

Thanks to the application of modern technology and advanced expertise, Tibet's traditional handicrafts industry has expanded. Over 280 factories in the fields of electrical power, metallurgy, building materials, and textiles have sprung up in this remote autonomous region.

The steady economic development has also promoted retail sales in Tibet with 1.9 billion yuan in sales volume in 1993, an increase of 4.3 times over that of 1980. Now over 40,000 individual retailers are licensed in Tibet.

With China's modernization and reform and opening policy, Tibet has seen a rapid development in such new areas as foreign-funded enterprises, tourism and township industries. The region made a total of 103 million U.S. dollars in 1993, which represents an increase of 5.2 times over that of 1980.

In 1993, a total of 23,000 overseas tourists visited Tibet and its township industries produced 100 million yuan in output value. About 41 projects in Tibet have introduced 67 million yuan from other parts of China and 9.63 million U.S. dollars from abroad.

#### Yunnan Governor Views Petrochemical Industry Development

HK2507150594 Kunming Yunnan People's Radio  
Network in Mandarin 1000 GMT 13 Jul 94

[Text] A meeting of the provincial governor and vice governors was convened and presided over this morning by Governor He Zhiqiang. The meeting discussed and made arrangements for Yunnan's petrochemical industry development.

After being briefed by the leaders of the Yunnan Provincial, Guizhou Provincial, and Guangxi Zhuang Autonomous Regional Petroleum Prospecting Bureau and by

the leaders of the Yunnan Provincial Petrochemical Industry Department on Yunnan's Luliang Basin petroleum prospecting, Yunnan's oil gas prospecting, Yunnan's natural gas exploitation and utilization, and Yunnan's chemical industry development, Governor He Zhiqiang delivered a speech in which he discussed several issues concerning Yunnan's faster petrochemical industry growth, and he put forward the following six views:

1. To expedite the province's oil gas prospecting—To this end, the province's prefectural, autonomous prefectural, and county people's governments should actively cooperate with oil gas prospecting efforts and create more favorable conditions for the province's petrochemical industry growth;
2. To bring about more breakthroughs in the province's oil gas prospecting work, guarantee the province's oil gas quality, and gradually develop the province's oil gas industry;
3. To make timely preparations for the province's petrochemical industry development based on local natural gas resources;
4. To list the petrochemical industry as one of the province's nine major industries to be developed in the Ninth Five-Year Plan period, draw up a petrochemical industry development plan, and list the petrochemical industry in the province's economic and social development plan for the 1996-2000 period to be submitted to the provincial people's congress for examination and approval in 1996;
5. To develop the province's petrochemical industry with a scientific approach, draw on advanced foreign and domestic petrochemical industry development experience, and enable the provincial party committee and people's government to make relevant decisions on a scientific basis;
6. The provincial people's government will set up a leading group to supervise the growth of the province's chemical industry. The leading group, headed by Comrade Niu Shaoyao, will coordinate the province's petrochemical industry development.

This morning's meeting of the provincial governor and vice governors was attended by Vice Governors Li Jiating, Niu Shaoyao, and Liu Jin; persons in charge of some provincial departments concerned; and others.

#### **Yunnan Governor Addresses Provincial Education Forum**

*HK2507150494 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 13 Jul 94*

[Text] A provincial education forum concluded in Kunming yesterday. Governor He Zhiqiang attended the forum and delivered a speech in which he pointed out that because education is the basis of economic growth,

we should always give top priority to educational development, comprehensively implement the "PRC Education Reform and Development Program," transform more scientific and technological achievements into productive forces, and work hard to raise Yunnan's education work onto a new stage.

After reviewing Yunnan's educational achievements since the reform and opening up, Governor He Zhiqiang said: In the Ninth Five-Year Plan period, we should continue to give top priority to educational development, comprehensively implement the "PRC Education Reform and Development Program," and transform more scientific and technological achievements into productive forces. As education is the basis of economic growth, we should make every possible endeavor to raise Yunnan's educational work to a new stage. To this end, we should make more energetic efforts to develop elementary and vocational education, as well as nationality education. Given Yunnan's relatively small contingent of college staff and workers, we should make unreserved efforts to implement the college development principle of optimizing college structure, rationalizing college layout, maintaining an appropriate college scale, and cultivating local college education characteristics.

The governor also pledged to increase input in the province's educational development, and urged all comrades attending the forum to continually carry out investigations and study by adhering to the ideological line of seeking truth from facts and to comprehensively implement the "PRC Education Reform and Development Program" and help the province's education departments in their work.

Vice Governor Zhao Shumin, member of the provincial party committee standing committee, presided over the forum, and delivered a speech in which she urged all areas in the province to conscientiously carry out investigations and study; assist the provincial party committee and people's government in decisionmaking; and make necessary preparations for the forthcoming convocation of a provincial conference of cadres at three levels: the provincial, prefectural, and city levels.

Also attending yesterday's forum were some provincial party and government leaders, such as Ning Huan, Liang Jinquan, Zhang Baoshan, Meng Jiyao, Wang Jinxi, Wang Ming, Chen Liying, Liu Fangrui, and others.

#### **North Region**

#### **Beijing Bans Imported Goods Without Inspection Certificates**

*HK2607071494 Beijing XINHUA Domestic Service in Chinese 0102 GMT 24 Jul 94*

[By reporter Li Jinghua (2621 0079 5478) and correspondent Yang Youhua (2799 5371 5478): "Beijing Bans the



### Sale of Imported Commodities Not Having Gone Through Inspections by Commodities Inspection Authorities"]

[Text] Beijing, 24 Jul (XINHUA)—The Beijing Municipality has adopted measures to tighten inspections of imported commodities by banning the sale of imported commodities which have not undergone inspections by commodity inspection authorities.

It is understood that a large number of imported commodities on sale in Beijing in recent years have not been inspected by commodities inspection authorities and their quality has not been guaranteed. A joint survey by the Beijing Commodity Inspection Bureau and the municipal consumer association of a few shopping malls showed that 28 out of 79 imported household electric appliances did not have inspection certificates and safety tags; in the case of color televisions and air conditioners, 46 and 68 percent of them respectively did not have inspection certificates and safety tags. A high proportion of imported cosmetics, products about which consumers show more concern, went uninspected. Some imported cosmetics contained higher than standard amounts of toxic chemicals, ten times the standard methanol count, and 22 times the standard lead count.

With this situation in mind, the Beijing Commodities Inspection Bureau and Beijing Administration of Commerce and Industry decided to tighten inspections and supervision of imported commodities in the circulation realm, laying down explicitly that imported commodities without a "memorandum of inspection for imported commodities" from a commodities inspection authority will be banned from sale, use, or from being advertised, and commodities listed in the "Index on Imported Commodity Quality Approval Regime" must carry the "CCIB [China Commodities Inspection Bureau]" safety tag before they can be put on sale, used, or advertised. Commodities found through inspection to be illegal, fake, or substandard will be handled by the Beijing Municipal Administration for Commerce and Industry according to the law.

### Tianjin Development Zone's Achievements in 1994

SK2607025594 Tianjin TIANJIN RIBAO in Chinese 15 Jul 94 p 1

[Excerpt] Since the beginning of this year, the Tianjin Development Zone has set up the high aims and lofty aspirations of "doing the second pioneering work" and shouldered the heavy task of building the new coastal area. The Tianjin Development Zone becomes the municipality's largest new economic growing point since it has made breakthroughs in the overall economic results, invitation of businessmen, introduction of capital, land development, construction of major infrastructural facilities, and its overall management.

In the first half of this year, the total industrial output value of the industrial zone reached 3.728 billion yuan,

accounting for 46.85 percent of the total newly added industrial output value of the municipality. The newly added industrial output value of the three types of foreign-funded enterprises reached 3.775 billion yuan, accounting for 74.4 percent of the total newly added value of the municipality. So far, the proportion of the total industrial output value of the development zone in the municipality's total industrial output value rose from 5.6 percent in 1993 to 12.64 percent in the first half of this year. The proportion of the industrial output value of the three types of foreign-funded enterprises rose from 42.53 percent in 1993 to 54.41 percent. This fully indicates the development zone's important role in the municipality's economic development.

The development zone continues to break with convention in maintaining a trend of high-speed economic growth. This is the reason why the development zone increased its proportion in the industry of the municipality. As of the end of June, the total industrial output value created by the development zone reached 5.88 billion yuan, an increase of 173.2 percent over the same period of last year and 103 percent higher than the 1994 planned growth rate of 70 percent. Of this, the industrial output created by the three types of foreign-funded enterprises in the first half of this year reached 5.77 billion yuan, an increase of 189.5 percent over the same period of last year. In the first six months of this year, the development zone created 790 million yuan of profits and 335 million yuan of taxes, respectively increasing 166.7 percent and 60.4 percent over the same period of last year. The value of export through foreign trade reached \$188 million, an increase of 130.7 percent over the same period of last year.

Under the circumstances where the national business introduction situation tended to drop in the first half of this year, the development zone's business invitation situation was better than that of last year. Simultaneously, its economic growth rate was noticeably accelerated and its economic results comprehensively increased. Business items valued at more than \$100 million were introduced each month in the first half of this year. In the first half of this year, the development zone approved to set up 279 foreign-funded enterprises of three types. The total value of the agreements signed in this period reached \$850 million, and \$628 million were invested by the foreign sides, respectively attaining 56.6 percent and 62.8 percent of the annual targets. When over half of the annual targets were attained ahead of schedule, the scale was noticeably expanded and the technological quality was upgraded. The average scale of the projects newly approved in the first half of this year attained \$2,916,500, greatly higher than the 1993 figure of \$1.6 million. [passage omitted]

### Northeast Region

#### Liaoning Views Future of Fund-Raising Companies

SK2607024794 Shenyang LIAONING RIBAO in Chinese 10 Jul 94 p 5

[By reporter Cao Zhi (2580 2535): "Where Will the Companies Go Which Have Raised Funds From Designated Groups of People?"]

[Text] The "company law" promulgated not long ago abolishes the concept of directional fund-raising companies and the concept of legal person shares. The State Commission for Restructuring of the Economy recently issued another circular to give an explicit order to stop approvals for such companies to sell stocks to legal persons or their own staff members and workers. This signifies a brake on the large numbers of directional fund-raising companies which emerged since late in 1992. It also showed that such companies, as a intermediary product in the process of China's reform to establish the shareholding system, had fulfilled their historical mission.

In line with international practice, there are only two forms of companies—listed limited liability stock companies and limited liability companies. Liaoning currently has over 200 directional fund-raising companies, and most of them have been transformed from state-owned enterprises. Where will these companies go?

No doubt, directional fund-raising companies have made important historical contributions in the process of China's economic structural reform. First, they have helped lay the foundation for China's development of the stock market. Many of China's listed companies have been transformed from directional fund-raising companies. This has made it possible to transform enterprises into shareholding ones. Second, they have helped accelerate the transformation of the operating mechanism of enterprises, achieve initial clarification of property rights, and separate government functions from business management. Third, they have helped cultivate new China's first group of shareholders, enhance their sense of investment, sense of risk-taking, and sense of reform, and turned them into the foundation stone of China's shareholding system. Fourth, they have helped China's enterprises attain the source of funds for the first time after deviating from the planned economy, enhance their vigor, and promote their production and management.

As directional fund-raising companies were put to an end, however, people have shown more concern about where these companies will go and what to do with their stocks sold to their own staff members and workers. It is no longer possible to maintain the status quo, nor will it work for the staff members and workers to hold the stock without circulating them for a long time. This is a major task for these companies. Pertinent economic specialists pointed out: Directional fund-raising companies have made indelible contributions to China's reform. It should be recognized that they did follow relevant regulations to sell stocks to their staff members and workers and legal persons at that time, and that it was legal for them to do so. The key is how to effectively affirm and circulate their stock ownership. This is an issue all departments in charge of economic management and structural reform should conscientiously resolve.

Judging from Liaoning's current practice, roughly three methods were adopted. First, through strict system

transformation and standardized operation, these companies were turned into listed companies, and the stock owned by their own staff members and workers thereby may be listed according to relevant state regulations within a foreseeable period. The Anshan No. 1 Industrial Company and the Shenyang Fangtian Company have done so. Second, when conditions permitted, these companies returned the money to their staff members and workers. Third, they changed the stocks sold to their staff members and workers into enterprise bonds. Such a method could not be accepted easily by shareholders, because some enterprises which attempted to do so have been strongly resisted.

Most of Liaoning's directional fund-raising companies adopted strict and standardized procedures for operation under the conditions of that time, and therefore, their highly standardized operation constitutes a favorable condition for them to become listed companies. Due to the conditions of China's stock market and the state's macro-control, however, merely a very small number of enterprises are recommended for listing every year. If such a situation continues, we do not know when all Liaoning's 200-odd directional fund-raising companies will be listed. The current design of China's stock market is not perfect enough. China's stock market should be divided into three layers, namely 1) national stock market, 2) regional stock market, and 3) over-the-counter transaction system. Major commodities for over-the-counter transactions should be the stocks of directional fund-raising companies. Such transactions will help circulate a large number of the stocks of directional fund-raising companies and also invigorate Liaoning's markets for property right trade. Meanwhile, staff members and workers who have bought stocks from directional fund-raising companies will have a chance to cash the stocks instead of having their hard-earned money tied up. Such transactions will also help enterprises merge others, control stocks, and exercise social supervision over the production and management of the directional fund-raising companies, thus ensuring the confidence and future of the shareholding system reform.

## Northwest Region

### Qinghai Secretary Views Zhu Rongji's Instructions

HK2507101094 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 13 Jul 94

[Text] The provincial party committee called a monthly meeting yesterday morning [13 July] to relay a series of important speeches made by Vice Premier Zhu Rongji during his recent inspection of Qinghai, as well as the spirit of a recently concluded national education conference.

The meeting was presided over by Yin Kesheng, secretary of the provincial party committee, and was attended

by Cai Zhulin, Sang Jiejia, Tang Zhengren, Doba, Wang Hanmin, Yao Xiangcheng, and other provincial party committee leaders.

Comrade Yin Kesheng delivered a speech in which he put forward several views on implementing and carrying out a series of important speeches made by Comrade Zhu Rongji and the spirit of a recently concluded national education conference. He said: During his recent inspection of Qinghai, Comrade Zhu Rongji briefed the Qinghai comrades on the country's overall economic situation, with the result that we now have a better understanding of the country's overall situation and also have enhanced our confidence in improving Qinghai's work. We should view the current situation clearly; grasp each and every excellent opportunity; work harder; and strive to successfully fulfill all tasks this year. Like the rest of the country, Qinghai now enjoys a basically excellent situation, thanks to the province's steady economic growth. Qinghai also is expected to reap a good animal husbandry harvest this year. In spite of a severe drought, the province still will be able to reap a basically good agricultural harvest, as long as it is not hit by another serious natural calamity in the near future. The province's town and township enterprises also have registered a high rate of growth, while industrial production witnessed steady growth as a result of the smooth convergence between industrial production and marketing. In addition to financial and banking stability, the province also has enjoyed market stability.

Yin Kesheng stated: In the remaining five-and-a-half months, Qinghai will be confronted with a series of rigorous tasks. In view of this situation, all areas and units in Qinghai should plan and arrange for work in the second half of the year in light of the tasks put forward at the start of the year. Leading comrades at all levels in the province should strive to cultivate a correct leadership style, work in a down-to-earth manner, go deep into the grass-roots level to carry out investigations and study, and join hands with broad masses of people in striving to bring about comprehensive improvement in this year's work.

Yin Kesheng noted: Comrade Zhu Rongji also urged us to build more public utilities and vegetable markets. We should make unreserved efforts in this regard, as public utilities and vegetable markets have an important bearing on Qinghai's economic growth, nationality solidarity, and social stability, as well as on the immediate interests of the broad masses of Qinghai people. On the basis of Qinghai's achievements and following Comrade Zhu Rongji's instructions, we should attach great importance to, and fruitfully build public utilities and vegetable markets.

Yin Kesheng called on party and government departments at all levels in the province to conscientiously concentrate on flood resistance work at the moment, saying: This year, Qinghai's flood season came earlier than usual. According to the meteorological forecasts,

the province is expected to receive more rainfall in the near future. We now are facing rigorous flood resistance and disaster relief tasks. All departments concerned should strengthen a sense of flood disaster; waste no time in examining, repairing, and reinforcing locally based water conservancy projects, especially some key reservoirs; take necessary precautions as soon as possible; reinforce locally based dams; and make every possible endeavor to ensure the safety of local residents.

Speaking of carrying out the spirit of a recently concluded national education conference, Yi Kesheng noted: The provincial party committee standing committee meeting already has studied the relevant issues and has made relevant arrangements. The departments concerned at all levels in the province should conscientiously carry out investigations and study, and should make relevant preparations in a down-to-earth manner in accordance with the arrangements of the provincial party committee standing committee, in order to greet the forthcoming provincial education conference—to be held in the fourth quarter of this year—with more achievements.

#### **Qinghai Successfully Grows American Ginseng**

OW2607092694 Beijing XINHUA in English 0616  
GMT 26 Jul 94

[Text] Xining, July 26 (XINHUA)—China has achieved success in growing American ginseng in remote Qinghai Province, situated on the northeastern part of the Qinghai-Tibet plateau.

According to Wu Haifang, an associate researcher with the provincial Academy of Agricultural Sciences, so far, the province has planted American ginseng on about 0.13 ha of land near this provincial capital, and in Huangzhong and Tongren Counties.

The experimental growing center at the Shangwuzhuang tree farm in Huangzhong County is reported to have harvested 300 kg of fresh American ginseng per mu (0.067 ha).

#### **Xinjiang To Hold 3d Foreign Economic Trade Fair**

OW2107143494 Beijing XINHUA in English 1402  
GMT 21 Jul 94

[Text] Urumqi, July 21 (XINHUA)—The third session of the Urumqi Foreign Economic and Trade Fair is scheduled for September 1-8 in Urumqi city, capital of the Xinjiang Uygur Autonomous Region.

An official of the organizing committee of the fair said that it has sent invitations to businessmen of 84 countries and regions in the world.

Up to now 500 overseas businessmen have confirmed their participation in the fair.



He said that the enterprises at home have booked more than 500 stands at the fair.

He said that this year's fair has opened new items including cash trade, economic and technological cooperation and introduction of technology and funds.

Since 1992 when the first Urumqi trade fair was held, it has formed trade and economic relations with more than 50 countries and regions in the world.

The infrastructural construction including energy, communications and telecommunications have been improved.

Last year, the investment in fixed assets in Xinjiang amounted to about 2.32 million yuan for 11 key projects.

Now Xinjiang is continuing its efforts in the construction of another 28 projects.

Xinjiang has opened 33 international and domestic air routes and 15 ports.

The official said that Xinjiang will offer 115 projects to foreign investors.

#### **Xinjiang's Private Economic Sector Develops 'Rapidly'**

*OW2307085094 Beijing XINHUA in English 0639 GMT 23 Jul 94*

[Text] Urumqi, July 23 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region is seeing its non-governmental economic sector develop rapidly.

Information from relevant departments revealed that by the end of June Xinjiang had 3,409 privately owned enterprises, 280,000 private industrial and commercial traders, 220,000 rural enterprises and 601 foreign-funded enterprises, all showing sharp increases compared with 1979.

In the first half of this year the total output value created by private enterprises, rural and township enterprises and foreign-funded firms in the region rose by 70.6 percent, 54.1 percent and 55.2 percent, respectively, compared with the corresponding figures for last year.

An increasing number of foreign business people have come to invest in the remote region, where total foreign investment now surpasses 800 million U.S. dollars.

#### **Xinjiang Jan-Jun Exports Up, Imports Down**

*OW2507234694 Urumqi XINJIANG RIBAO in Chinese 13 Jul 94 p 1*

[By reporter Shi Qiaomei (1597 1564 2734): "Autonomous Regional Telephone Conference Calling on Foreign Trade Departments To Deepen Structural Reform, Increase Exports for Earning More Foreign Exchange"]

[Text] The autonomous regional people's government called a regional telephone conference on the afternoon

of 12 July to report on Xinjiang's foreign trade in the first six months of this year and to mobilize foreign trade departments throughout the region to deepen the structural reform, increase exports for earning more foreign exchange, stop the decline in border trade, and strive to fulfill this year's tasks in an all-round manner.

Xinjiang's export and import trade volume totaled \$342 million in the first half of this year, an increase of 4.4 percent over the same period last year. Of this, exports amounted to \$231 million, up 14.2 percent; and imports, \$110 million, down 28.7 percent. The decline in local border trade has impeded regional foreign trade development.

Xinjiang made some headway in utilizing foreign capital and carrying out economic cooperation with foreign countries. In the first six months, foreign capital actually utilized was \$31.91 million, up 167 percent from the same period last year, while 88 new foreign-funded enterprises with \$39.226 million in negotiated foreign capital were approved.

Regional government Vice Chairman Li Donghui spoke at the conference. While affirming the achievements in the foreign trade and economic relations work, he pointed out the existing problems and urged foreign trade departments to deepen reform, open up wider, invigorate foreign trade enterprises, and raise economic efficiency.

He said: Deepening the reform of foreign economic relations and the trade system will help promote the development of foreign trade. The Foreign Economic Relations and Trade Commission should earnestly study new circumstances and problems in the reform of the foreign trade system, i.e., problems related to export tax refunds, quota permit controls, preferential policies for local border trade, and smooth formalities for transit cargoes at border trade posts; and should work with relevant departments in seeking ways to properly solve problems.

He pointed out: Spot exchange of export trade is the main source of Xinjiang's foreign exchange and the most important task of foreign trade work. We should bring into full play the leading role of state-owned foreign trade enterprises, and strive to maintain the sustained increase of exports by going all out to supply commodities and adjusting the export commodities product mix.

In view of the decline in local border trade, Li Donghui called on all localities to pay close attention to speed and efficiency in the course of consolidation, and to strive to increase transactions by taking the initiative to invite foreign businessmen to Xinjiang. We should strengthen the comprehensive management of trade posts to further facilitate trade, he added.

#### **Publication of Newspaper Begins in Xinjiang**

*OW2107120894 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 9 Jul 94*

[Unidentified correspondent video report: from the "Xinjiang News" program]

[Text] With the approval of the Press and Publication Bureau of the Propaganda Department of the Xinjiang Autonomous Regional CPC Committee, formal publication of the XIBU GONGSHANG BAO [6007 6752 1562 0794 1032 WESTERN REGION INDUSTRIAL AND COMMERCIAL NEWS] began yesterday.

The newspaper's main task is to publicize relevant policies and regulations of the party and government; to disseminate economic information; to report the robustly developing industrial and commercial enterprises in Xinjiang under the policy of reform and opening up; and to serve the great numbers of state-owned enterprises, individual and private economies, and consumers in Xinjiang.

## Fishermen's Deaths Result of Port 'Restrictions'

### 'Inhuman' Policy Criticized

HK2607025394 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Jul 94 p 5

[By Er Ming (8034 2494): "Brotherly Affection of Compatriots on Both Sides of the Strait Must Be Cherished"]

[Text] A strong typhoon hit Taiwan on 10 July, inflicting a catastrophe on the more than 500 mainland fishermen who lived in the so-called "Sea Hotel" anchoring outside Yilan Port. In the last few days, 10 floating bodies of the typhoon victims were found one after another on the waters of Suao Port in Yilan County.

Before the typhoon arrived, birds had returned to their nests and people had gone ashore. Why had the 500 or so mainland fishermen who were hired by Taiwan fishery businesses remained on the rough sea? Did they not know of the danger? Not so. These fishermen, who had worked at sea for long years, were well aware of the harm done by typhoon. It was only because of restrictions imposed by Taiwan authorities that they had to avoid wind and rain on the fishing boats at sea and could not enter any safe ports. Thus, 10 mainland compatriots were killed by fierce winds and mighty waves.

According to press reports, it was only at the "final juncture" when 39 mainland fishermen were reported missing that the Taiwan departments concerned permitted the "Sea Hotel" to enter a port out of "humane considerations." More often than not, the Taiwan authorities prattle about "humanity" and even applied it to hijacking criminals who endangered the lives of passengers. However, they were slow to give "humane considerations" to the good, honest, simple mainland fishermen before the arrival of the typhoon and conscienceless in letting windstorms wreck the lives of the fishermen.

People cannot help asking: "Did those innocent fishermen die by typhoon or by the Taiwan authorities' inhumane policy which utterly disregards human life?"

As far as the mainland compatriots who work for Taiwan as fishermen are concerned, the Taiwan authorities should formulate a fair and reasonable absorption policy and adopt appropriate measures to protect and ensure their rights and interests as well as personal safety. This is not only necessary for the development of Taiwan's economy but also helpful to the development of economic cooperation between the two sides of the strait.

Nevertheless, in recent years, because the Taiwan authorities have pursued a policy of discrimination against mainland compatriots; incidents in which the lives and property of the mainland compatriots were harmed have occurred now and then. Especially troops Taiwan stationed in the area of Jinmen and Mazu time and again shelled mainland fishermen causing serious incidents involving deaths and injury as well as property losses.

The Taiwan authorities have always said that cross-strait relations should be handled in accordance with the principle of "peace" and "rationality" and claimed that "the principle of peace is the most fundamental principle with which we handle the cross-strait relations." However, in fact, they frequently shoot and kill defenseless fishermen working at sea. A few days ago, they left 500 or so fishermen at sea where a typhoon raged fiercely, and consequently, 10 compatriots drowned for no reason. Is this actually called "peace" and "rationality" by the Taiwan authorities?

Compatriots on both sides of the strait are bound by intense national affection. Those who really hope for a peaceful reunification of the motherland must promote and safeguard the continuous advance of cross-strait relations and cherish the brotherly affection of compatriots on both sides of the strait.

### Commentary Blames 'Politics'

OW2507193294 Beijing XINHUA Domestic Service in Chinese 0813 GMT 25 Jul 94

["Short commentary" by XINHUA reporter Fan Liqing (5400 7787 7230): "'Politics' Causes the Taiwan Authorities To Lose Their Humanitarian Spirit"]

[Text] Beijing, 25 Jul (XINHUA)—When a strong typhoon struck Taiwan on 10 July, more than 500 mainland fishery cooperation workers who were staying on "floating hotels" off Suao port in Yilan [Ilan] County, Taiwan, were caught in a dangerous situation because they could not obtain timely assistance and were not permitted to go ashore to seek shelter. Some of them drowned, and the exact number of people missing at sea has not yet been determined. Only four or five days after it discovered 10 bodies floating off Suao port did the Taiwan side confirm them as being the drowned mainland fishery workers.

Encountering a storm when sailing the seas is nothing unusual. When a ship sends out a distress signal, the government and people of a country or region have a duty to lend a helping hand, regardless of where the ship comes from and where it is. It is believed that ships from the Taiwan side have been rescued when they run into trouble, and the Taiwan side has helped ships in distress. But why was it indifferent when its own compatriots were in a hopeless situation? This is because some people in Taiwan, being blindfolded by "political factors," lost their humanitarian spirit.

Over the years, the Taiwan authorities have time and again confronted fishermen from mainland coastal areas. They have taken precautionary measures against, attacked, and frequently fired at and bombarded unarmed mainland fishermen. This time they first refused to allow the mainland fishery workers to come ashore to seek shelter from the storm, and they later discriminated against, insulted, and mistreated the mainland fishery workers who were allowed to come



ashore. According to the Taiwan authorities, the mainland fishery workers were not permitted to come ashore to seek shelter from the storm because "floating hotels are illegal." Only when the incident provoked a public outcry a week after the mainland fishermen were drowned did high-level officials from the Taiwan authorities come forward to say that "floating hotels" and mainland fishery workers should be "treated in a humanitarian spirit and in a spirit reflecting legal principles." Some said that "in the event of typhoons and other natural disasters, mainland fishery workers should be permitted to come ashore for humanitarian and safety reasons, and they should be placed under centralized management." However, there is reason to doubt that the Taiwan authorities will think of humanitarianism when similar incidents occur in the future.

A Taiwan reporter who interviewed the surviving mainland fishery workers wrote: "The mainland fishery workers did not understand why the jobs they had landed under contract between fishery companies on the two sides of the Taiwan Strait became illegal in Taiwan. They did not understand why the mainland fishermen going to Taiwan, aside from being forbidden to come ashore, were put up on dilapidated boats that were worse than prisons, and why they had to remain at sea during the night when the strong typhoon hit, in contrast to the invariably good treatment accorded Taiwan fishermen coming to the mainland, whether they are seeking shelter from typhoons or replenishing their supplies."

The Taiwan authorities will find it hard to answer these questions.

### **Li's Inclusion at Next APEC Meeting Being Sought**

OW2507143394 Taipei CNA in English 1414 GMT  
25 Jul 94

[By Benjamin Yeh]

[Text] Taipei, July 25 (CNA)—The Republic of China [ROC] is entitled to attend every activity sponsored by the Asia-Pacific Economic Cooperation forum on an equal basis with other members, Foreign Ministry spokesman Rock Leng said Monday [25 July].

Leng made the statement when asked whether or not the ROC will be allowed to attend the APEC annual summit slated for November in Indonesia.

Leng said the ROC Government already has expressed its desire for President Li Teng-hui to attend the APEC summit, and that member countries have agreed to take the proposal into consideration. He added that Indonesia has not yet responded to the request, probably in consideration of the protest that may be filed by Beijing.

Indonesia maintains official diplomatic links with Mainland China.

The ROC for the first time was invited to the APEC summit held in Seattle last year, with Chairman Hsiao Wan-chang of the Council for Economic Planning and Development attending on behalf of Li.

Leng stressed, however, that the government will not cease its efforts in vying for a seat for Li at this year's summit.

The APEC is composed of Australia, Brunei, Canada, Mainland China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan, Thailand, Papua New Guinea, the United States and Mexico.

### **Interior Minister Notes Intention To Resign**

OW2507175294 Taipei CNA in English 1339 GMT  
25 Jul 94

[Text] Taipei, July 25 (CNA)—Wu Po-hsiung insisted on Monday [25 July] that he will step down as interior minister, even though his request to do so was again denied earlier in the day by Premier Lien Chan.

Lien, however, allowed Wu to quit his post as the chairman of the Central Election Commission, citing Wu's heavy workload. Wu Chung-li, deputy director-general of the Government Information Office, told the press.

Wu Po-hsiung told reporters that he will keep faithfully carrying out his duties as interior minister until Lien finally accepts his resignation, to make sure "the daily affairs of the Interior Ministry will not be affected."

The 15-minute meeting between Wu and Lien was their first since Wu tendered his resignation earlier in the month and then was told by Lien to go on vacation to reconsider the decision.

Many commentators have speculated that Wu, a political heavyweight in the ruling Kuomintang [KMT], resigned his posts and dropped out of the race for Taiwan governor because of what he perceived as the KMT leadership's favoring incumbent Governor James Soong as their gubernatorial candidate. The KMT has denied that that is the case, however.

Soong had served as the secretary-general of the KMT Central Committee before he was appointed Taiwan provincial governor last year.

The first general election for Taiwan governor will be held before the year's end.

### **Official Denies Reported Attempts To Improve U.S. Ties**

OW2507174994 Taipei CNA in English 1344 GMT  
25 Jul 94

[Text] Taipei, July 25 (CNA)—Taiwan on Monday [25 July] denied reports that it is trying to lure the United States into improving relations with Taiwan by awarding a contract to build a nuclear power plant to a U.S. firm.

The U.S.-based BUSINESS WEEK magazine reported recently that Taiwan is considering awarding the contract to the Westinghouse Electric Co., and that in exchange, the U.S. Government, which is reviewing its policy toward the island, would loosen existing restrictions on Taiwan and send Commerce Secretary Ronald Brown to visit Taipei in August.

The Legislative Yuan earlier this month gave its go-ahead to the construction of Taiwan's fourth nuclear power plant, at a cost of over NT [new Taiwan] \$110 billion (U.S.\$4.15 billion).

A Foreign Ministry official who asked not to be named said that the government has always conducted open biddings on major construction projects, and that it was not likely to intentionally provide benefits to any bidders.

As to the visit by Brown, the official said that his ministry has not received any information on the matter.

President Bill Clinton is reportedly close to finalizing a revised Taiwan policy, under which the title of Taiwan's representative office in the United States—the Coordination Council for North American Affairs—is expected to be renamed, and the ban on the exchange of visits by ranking officials of the two sides eased.

### **Defense Ministry, U.S. Firm Sign Missile Agreement**

OW2507224194 Taipei CHUNG KUO SHIH PAO in Chinese 16 Jul 94 p 6

[Text] The National Defense Ministry and the Raytheon Corporation of the United States signed an agreement on

29 June on the purchase of Patriot missiles. The Ministry of Economic Affairs said on 15 June that the purchase totaled 15 billion new Taiwan dollars (NT\$) and that the amount of industrial cooperation between the two sides will exceed 30 percent, or NT\$4.5 billion, of the total amount of the purchase. The Raytheon Corporation has proposed that it cooperate with Taiwan companies in producing seven kinds of industrial products, including printed circuit boards and flat liquid crystal displays.

Chung Tsu-chiang, head of the First Section of the Industry Bureau under the Economics Ministry, said that the U.S. Raytheon Corporation and the Defense Ministry signed on 29 June an agreement on the purchase of Patriot missiles and that the Industry Bureau was making positive efforts to promote industrial cooperation between the two sides.

Chung Tsu-chiang said: In the agreement, Raytheon committed to having the industrial cooperation between the two sides be no less than 30 percent of the total amount of the purchase agreed upon. Therefore, of the total purchase price of NT\$15 billion, more than NT\$4.5 billion will be available for industrial cooperation.

Chung Tsu-chiang also said: The Raytheon Corporation's Amana home electric appliance company hopes for technological cooperation with Taiwan companies in the production of flat liquid crystal displays, printed circuit boards, and other products, and it will transfer the relevant technologies to us. This will contribute to the development of Taiwan's electronics industry. Also, the opportunity to manufacture control boards and cabin doors for small aircraft, and OEM's [expansion unknown] for the noses of small aircraft will help local companies win orders for aeronautical and astronautical products. The Industry Bureau currently is contacting local companies, in hoping that interested companies will directly contact Raytheon on the possibility of cooperation.

#### **Oman Celebrates Trade Office Expansion**

OW2607075194 Taipei CNA in English 0721 GMT  
26 Jul 94

[Text] Taipei, July 26 (CNA)—The Oman Trade Office has expanded its office in Taipei to strengthen bilateral economic and trade ties. Office Director-General Jaber Bin-Nasir Bin-Khalfan Al-Busa'idi said Tuesday [26 July].

Speaking at a cocktail party celebrating the inauguration of the new office Monday, Al-Busa'idi said Oman encourages and welcomes Taiwan investment in his country's five-year economic development program. The programs aim to boost the Oman economy and reduce its dependence on the petrochemical industry.

Oman is an economically and politically stable country in the Middle East with a well-established infrastructure

and duty free financing. Taiwan traders can use Oman as a stepping-stone to other Middle Eastern markets, he said.

Taiwan traders currently ship their products to Oman via Dubai, but Al-Busa'idi advised the traders to ship directly to Oman to cut costs.

#### **Government To Donate \$2 Million for Rwandan Refugees**

OW2507175094 Taipei CNA in English 1349 GMT  
25 Jul 94

[Text] Taipei, July 25 (CNA)—The Foreign Affairs Ministry announced Monday [25 July] that the Republic of China will provide U.S.\$2 million as a relief fund for Rwandan refugees displaced by a civil war and now suffering the effects of starvation and cholera.

An official with the Foreign Affairs Ministry said the move is being made for humanitarian considerations and in response to a worldwide appeal by United Nations Secretary-General Butros Butros-Ghali.

He said Taiwan hopes to provide the money through the United Nations High Commissioner for Refugees, but that whether that can be done is uncertain because Taiwan is not a UN member. It may also consider the Red Cross Society as another channel, he added.

The government has U.S.\$5.6 million set aside in the 1994 budget for international humanitarian relief. The U.S.\$2 million would be the first money from that fund sent out this year.

Taiwan in the past has provided more than U.S.\$10 million in relief to Jordan during the Gulf war and another U.S.\$10 million to Russia.

According to the latest UN figures, 1.4 million Rwandan refugees have fled to camps in Zaire, where thousands are dying each day from starvation, cholera, and other illnesses.

Butros-Ghali said Friday that more than U.S.\$400 million is needed to provide the refugees with food, shelter, medicine and drinking water.

#### **More Government Ministries Likely To Be Formed**

OW2507145094 Taipei CNA in English 1400 GMT  
25 Jul 94

[By Bear Li]

[Text] Taipei, July 25 (CNA)—The government is close to finalizing a proposal to add three more ministries to the cabinet, according to Sun Te-hsiung, chairman of the Research, Development and Evaluation Commission.

Sun said that the government would have at least 11 ministries and two commissions under the new cabinet structure, compared with the current eight ministries and two commissions.

The Council of Agriculture and the Council of Labor Affairs would both be upgraded to ministries, and the Department of Health and the Interior Ministry's Department of Social Affairs would be merged into one ministry to cope with increasing social-welfare demands and the implementation of the national health program, Sun said.

The Council for Cultural Planning and Development and the Environmental Protection Administration, which the government originally wanted to turn into ministries, would likely maintain their current status.

In addition, the National Youth Commission would likely be abolished and the operations of the Mongolian and Tibetan Affairs Commission further expanded to include affairs for other minority groups.

Sun said the proposal for the new cabinet organization will be sent to the Legislative Yuan for approval in the next few months.

Meanwhile Premier Lien Chan said that after completing its revision of the central government structure, the government will begin to review functions of the central and local governments.

The agencies which will not be affected by the adjustment are the Ministries of Foreign Affairs, Finance, National Defense, Education, Justice, Economic Affairs, and Transportation and Communications.

#### **Net Government Debts Account for 9.4 Percent of GNP**

OW2607092794 Taipei CNA in English 0741 GMT  
26 Jul 94

[By Sofia Wu]

[Text] Taipei, July 26 (CNA)— Taiwan's net government debt totaled about NT [New Taiwan] \$592 billion (US\$22.17 billion) at the end of April, accounting for only 9.4 percent of gross national product (GNP), the government reported Tuesday [26 July].

Although outstanding government debts stood at NT\$1.42 trillion (US\$53.18 billion) at the end of April, the government had NT\$830.1 billion (US\$31.01 billion) in bank deposits at the same time, the Directorate General of Budget, Accounting and Statistics (DGBAS) said.

The government has issued an average of NT\$200 billion (US\$7.49 billion) worth of state bonds annually to help make its ends meet in recent years. As of April, outstanding state bonds already reached NT\$775 billion (US\$29.03 billion), more than triple the amount recorded in 1990.

On the other hand, government agencies and state-run enterprises had huge deposits in banks because of slow progress on some major construction projects.

As a result, net government debts accounted for only 9.4 percent of GNP.

DGBAS officials said the government should use funds more efficiently to save its interest payments.

#### **Police Detain 11 PRC Vessels for Illegal Fishing**

OW2507144794 Taipei CNA in English 1335 GMT  
25 July 94

[Text] Taipei, July 25 (CNA)—Marine police detained 11 mainland fishing vessels operating near the Penghu islands early Monday [25 July] morning for allegedly using fishing nets that fisheries officials here said have ravaged the marine ecology near the island group.

The 10 boats were among a group [words indistinct] 30 mainland trawlers that were illegally fishing at the site.

Police said the detained boats were using fishing nets that have rollers on the bottom fringe; allowing the nets to drag the seabed. Fisheries officials described the nets as "lethal" to the ocean ecology because they not only catch fish but also sweep through coral, seaweed, and virtually all seabed marine life.

The police released the 10 mainland trawlers later in the [words indistinct] after confiscating their fishing nets.

#### **Skybow II Missile Test 'Successful'**

OW2607065394 Taipei CHUNG KUO SHIH PAO in Chinese 18 Jul 94 p 4

[Text] A relevant unit has confirmed the Army General Headquarters and a research and development unit have recently conducted a successful live test of the "Skybow II" missile off the Pingtung Coast. A land-based Skybow II missile hit a target drone at 20,000 feet at a speed of nearly 4-mach.

The same unit pointed out that the test results of the Skybow II missile, which is still under research and development, fully show that the flight speed, effective firing range, and target-locking capability have all reached a maturity stage.

The "Live Test on the Functions of the Skybow II Missile" was carried out in early June in a mountainous area near Pingtung. Personnel from the Army General Headquarters and the research and development unit were present at the test site. Because the test is related to Taiwan's future air defense capability, relevant units had not only attached great importance to it but also took great care not to leak the news of the test.

An official described the live missile test as follows. Personnel of a work group first launched a target drone made by U.S. [Pidget] Company from a test base. The drone plane was given a command to fly eastward to the sea coast. At that point a Skybow II missile was fired. When the missile lifted off and flew in a vertical direction, ground personnel commanded the missile to home in on the target.



To obtain an exact understanding of the entire process of the missile locking onto the target, the ground personnel, in addition to recording the flight speed and flight direction of the missile with instruments, also installed a video camera aboard the target drone to record the missile's impact with the target drone. At the same time, monitors on the ground kept track of the test.

The same official pointed out that the missile, after receiving the command, moved swiftly toward the target. The target drone's onboard videocamera showed clearly that the missile, approaching the target from the left side, scored a direct hit.

Data recorded on the ground indicated that the missile hit the target drone at 20,000 feet and at a speed of nearly 4-mach. As the missile carried no explosives, there was no explosion when the missile scored a direct hit.

After the target drone fell into the sea, the Air Force immediately dispatched a S-70C helicopter to salvage

the wreckage, which it turned over to the testing unit for inspection. The inspection confirmed that the target drone's left wing and horizontal tail received a strong impact from the missile.

The test group said if the missile had carried explosives, the target drone would surely have been completely destroyed.

According to the tests scheduled by the research and development unit, the Skybow II missile will undergo an "uncontrolled flight test, "controlled flight test," "live test on functions," and at the last stage, a "live test for full combat readiness." As the results from the live test on the functions of the missile have been satisfactory, it is estimated the entire test can be completed at the end of this year. Mass production of the missiles will start following the Army's certification. Deployment of the missiles can be completed by early next year.

## Hong Kong

### Official: China Prefers 'Local Patriots' in Elections

HK2607034594 Hong Kong EASTERN EXPRESS in English 26 Jul 94 p 2

[Text] Even though China intends to dismantle the three tiers of government after 1997, it would prefer local patriots to run in the forthcoming elections, if only to keep anglophile candidates out. "If there are more candidates who love China and Hong Kong to take part in the elections, it will facilitate the implementation of the concept of 'Hong Kong being ruled by Hong Kong people' after the 1997 handover," a senior Chinese official said yesterday. "This will also prevent too many candidates propped up by the British from winning."

He urged that Britain hand over all personal and work performance records of top Hong Kong government officials to show Britain's "sincerity" in the run-up to the 1997 handover. Britain should also let China know which senior civil servants the Hong Kong government intends to promote under the localisation policy. "If they really want to cooperate as they have been saying for a long time, that is what they should do," the official said.

He insisted that Britain would have no say in deciding who should fill the senior posts for the future Special Administrative Region as stipulated in the Basic Law, even if Britain "co-operated" by making the records available. "There was no way that China would allow the issue to be discussed between Britain and China," he said. Britain has been urging China to discuss the transition of senior civil servants through the Joint Liaison Group, a proposal China has firmly rejected on the grounds that it is up to the future SAR chief executive to decide.

The official was asked what was meant by "comprehensive co-operation" between the two nations. Qian Qichen, one of China's vice-premiers, called for it during his meeting with Alastair Goodlad, the British Minister With Special Responsibility for Hong Kong. Qian said it was up to Britain to grasp its meaning. "We want to co-operate with Britain on everything, including politics and economy," the official said. "After Governor Chris Patten's reform bill was passed in the Legislative Council, we were still talking with them on the defence lands and the new airport." He refused to say in what areas political co-operation should be improved. "We don't need to tell them what to do. The British know very well what they should do," he said.

Lau Siu-kai, the leading member of the Beijing-appointed Preliminary Working Committee, said that his understanding was that China wanted Britain to help it with setting up the so-called "second stove"—the shadow administration before 1997 to take over Hong Kong. Lau, a professor at the Chinese University, suggested that Britain should not introduce any more significant changes to the existing laws or social and political policies. He said Britain should assist the PWC by

allowing government officials to "communicate" with PWC members and provide them with information and documents, a demand that has been rejected by the Government.

### 'Senior Official' Warns Britain on Economic Cooperation

HK2607034494 Hong Kong HONGKONG STANDARD in English 26 Jul 94 p 1

[By David Healey in London and M Y Sung]

[Text] A senior Chinese official says Britain's economic interests with the mainland remain threatened by the continuing political row between the two countries, although Beijing will continue to co-operate on issues affecting Hong Kong. The deputy director of the Xinhua News Agency in Hong Kong, Zhang Junsheng, also revealed that Beijing had ruled out inviting Chief Secretary Anson Chan to visit the capital for talks. Mr Zhang said the Sino-British row over political reform would affect co-operation on trade and development within China.

His comments came as Governor Chris Patten held high-level talks in London with government ministers to try and close the gap with China on airport funding. Mr Patten discussed the issue with Foreign Secretary Douglas Hurd and minister with special responsibility for Hong Kong Alastair Goodlad before meeting Prime Minister John Major at 10 Downing Street. Commenting on talks with China on airport funding, Mr Patten said: "We seem to be very close to agreement. There are a couple of issues still to be agreed but they seem pretty small." Mr Patten said he also discussed with the ministers measures to speed up agreement on the new container terminal, and a "whole range of Joint Liaison Group issues on which we need to make rapid progress".

In Hong Kong, Mr Zhang offered renewed hope for co-operation on crucial issues, such as the new airport and Container Terminal 9 (CT9). He reiterated that China would not refuse to co-operate on issues affecting Hong Kong people. But Mr Zhang attacked Britain's approach to renewing its links with China following the passage of Mr Patten's political reform package. "It is like someone slaps your face and then says he wants to keep the friendship with you as if he has never slapped you," Mr Zhang said.

In the first positive signal since Chinese Vice-Premier Qian Qichen's recent statement that Beijing could not isolate politics from economics when dealing with Britain, Mr Zhang said China meant to continue to co-operate on Hong Kong issues. Mr Zhang said Mr Goodlad's visit to China failed to achieve any results because the minister had refused to budge on London's previous political stance. He also said there was no point in Mrs Chan visiting Beijing as there was nothing to discuss with the Hong Kong administration.

**Army Reportedly To Station 4,000 Troops in Hong Kong**

*HK2607094094 Hong Kong MING PAO in Chinese 26 Jul 94 p a4*

[“Special report” by staff reporter: “The Number of Soldiers of the People’s Liberation Army To Be Stationed in Hong Kong Will Reportedly Not Exceed 4,000”]

[Text] When the Chinese People’s Liberation Army (PLA) takes over the 14 military sites in 1997, it will only station half the number of soldiers these military facilities are capable of accommodating. This staff reporter has learned that the Chinese Government plans to send 3,000 to 4,000 PLA soldiers to be permanently stationed in Hong Kong in 1997. On the other hand, it will also station a number of troops in Shenzhen which can be dispatched south at any time to meet emergency needs.

A well-informed person on the Chinese side told a MING PAO reporter that according to an agreement on the arrangements for military sites reached at the Sino-British Joint Liaison Group last month, the facilities concerned are able to accommodate 8,000 PLA soldiers stationed in Hong Kong, close to the number of British troops originally stationed here. However, in the future, only 3,000 to 4,000 PLA soldiers will be permanently stationed here.

The well-informed personality also said: The authorities will provide logistics support in Shenzhen for the PLA troops stationed in Hong Kong. It will be arranged that PLA troops on duty in Hong Kong take their leave in Shenzhen. At the same time, a number of troops will be stationed in the barracks in Shenzhen, who could be dispatched to Hong Kong at any time. Therefore, it will not be necessary to send 8,000 soldiers to Hong Kong.

The well-informed personality said: The reason for arranging the troops, which were originally intended to be sent to Hong Kong, to be stationed in Shenzhen is out of consideration of their acceptability to the people of Hong Kong. Another reason is to reduce expenditures incurred by stationing troops.

The Defense Expert Group of the Joint Liaison Group will continue to discuss arrangements for transferring the 14 military sites to the PLA.

It is known that the Chinese side plans to use Tamar [formerly HMS Tamar, now The Prince of Wales’ Barracks—headquarters British Forces Hong Kong] as its future headquarters for the troops being stationed. The well-informed personality said: The Chinese side is not worried about the buildings provided by the British side constituting a security problem. Besides, the Prince of Wales Building will also be surrounded by new buildings, and this will give rise to the possibility of being monitored.

Regarding candidates for the commander in chief of the three armed services, the well-informed personality said:

Although a certain “candidate” has appeared in press reports over the past year, such reports can only be regarded as speculation because the Chinese side has not yet made a decision on any candidate.

This staff reporter has learned that the future commander in chief of the three armed services in Hong Kong will be a general, that is, a general with the rank of full general, lieutenant general, or major general. However, all commanders at and above PLA divisional-commander level across the country are generals, and they are equivalent to officials at the bureau and department level of the government structure. At present, there are more than 1,000 generals in China’s armed forces.

**Science Delegation Visits Hong Kong 18-23 Jul**

*SK2607035394 Beijing XINHUA Domestic Service in Chinese 1126 GMT 24 Jul 94*

[By reporter Luo Zheng (5012 2398)]

[Text] Hong Kong, 24 Jul (XINHUA)—The delegation of the China Association for Science and Technology visited Hong Kong from 18 to 23 July at the invitation of the Hong Kong Science and Technology Association. Before leaving for Beijing after concluding the visit, Liu Shu, leader of the delegation and executive secretary general of the China Association for Science and Technology, said to reporters: During the visit, the delegation held discussions with Hong Kong’s scientific and technological as well as industrial and commercial circles on expanding bilateral cooperation and won good results as expected. Complementing with their own advantages, the mainland and Hong Kong are able to expand scientific and technological exchanges and cooperation in more areas.

During its stay in Hong Kong, the delegation visited Hong Kong’s Science and Technology Cooperation and Promotion Association, Engineers Association, Science and Technology University, Urban Science and Engineering College, Productive Force Promotion Bureau, Industrial Center, Industrial Federation, China General Chamber of Commerce, and Trade Development Bureau.

Wei Tianguang, spokesman of the delegation, said: The delegation brought with it more than 30 projects to be recommended to Hong Kong’s various circles. Based on better mutual understanding and friendship, the delegation and Hong Kong reached an initial common intention of cooperation. Personages from the scientific and technological as well as industrial and commercial circles of Hong Kong showed great interest in investing in the large investment projects of the China Association for Science and Technology, such as the “science and technology park of societies” and “Dongfang international science and technology mansion,” and a group of small cooperation projects recommended by the “new technology development center” under the association.

Wei Tianguang said: The delegation and Hong Kong's Urban Science and Technology College and other units also reached initial agreement on continued training of personnel. Both sides plan to cooperate in holding training classes and develop comprehensive cooperation in the fields of teaching materials and teachers so as to train scientific and technical and other relevant personnel for their enterprises.

In addition, the delegation also introduced to Hong Kong's scientific and technological as well as industrial and commercial circles the international academic symposiums that the China Association for Science and Technology will sponsor in the near future and even in the years to come, urging them to participate in and develop academic exchanges and hold special science and technology fairs in support of the symposiums. Wei Tianguang said that the Hong Kong scientific and technological as well as industrial and commercial circles expressed a strong desire for cooperation.

Speaking on the future scientific and technological exchanges and cooperation between the mainland and Hong Kong, both Liu Shu and Wei Tianguang held: With their own advantages, the mainland and Hong Kong have enormous potential for cooperation. The mainland has very high scientific and technological level on the whole, but it falls behind Hong Kong in commercializing science and technology. It turns out about 30,000 scientific and technological achievements every year, but those put into production and transformed into commodities account for fewer than 15 percent. Hong Kong has weak scientific research forces, but its experiences in applying science and technology, in marketing scientific and technological achievements, and in production and management are worthy to be learned from. They held that with the cooperation of their scientific and technological as well as industrial and commercial circles, the mainland and Hong Kong would benefit each other and promote China's scientific and technological development.

#### **XINHUA Branch Director Zhou Nan To Remain Until 1997**

*HK2607101694 Hong Kong MING PAO in Chinese 26 Jul 94 p.A4*

[Report: "Zhou Nan Will Remain in Office Until 1997"]

[Text] According to a Chinese official, Zhou Nan, director of the XINHUA News Agency's Hong Kong Branch, will remain in office until 1997. He said that Zhou Nan was several months younger than Lu Ping, director of the State Council Hong Kong and Macao Affairs Office, (who is 66 years old this year). When the central authorities selected Zhou Ping and Lu Ping to take charge of the XINHUA News Agency's Hong Kong Branch and the Hong Kong and Macao Affairs Office, respectively, the central authorities had in mind the strategy that the terms of office of these two officials would straddle 1997. Another Chinese source, however,

had it that the Chinese side would invite Chief Secretary Anson Chan to visit Beijing only on the condition that there was need to resolve practical problems, which were expected to be settled.

The official refuted the rumor Chinese Ambassador to Britain Mu Yuzhen was to succeed Zhou Nan as director of the XINHUA News Agency's Hong Kong Branch, saying that it was untrue. He said: The rumor that Ma is a vice-ministerial-level official is not true; in fact, Ma is only a department-level official. It would be very rare for someone at such a level to take the office of XINHUA Hong Kong Branch director—a two-grade promotion. Neither is the rumor true that Ma Yuzhen came to Hong Kong to participate in the Sino-British Joint Liaison Group [JLG] meeting last month. Ma has not been to Hong Kong recently, and during the JLG session the Chinese Embassy in London sent only Counselor Hu Chuanzhong, who is an expert of the JLG.

The official emphasized: "If some people would not believe the fact that Ma Yuzhen did not come to Hong Kong at that time, they may refer to the Immigration Office records!"

#### **Publisher Vows To Maintain Editorial Stance**

*HK2507125994 Hong Kong SOUTH CHINA SUNDAY MORNING POST (MAGAZINE) in English 24 Jul 94 p*

[Article by John Colmey]

[Text] To get into the offices of NEXT MAGAZINE in North Point, visitors have to be buzzed in through two locked doors by a receptionist looking out from a small bank teller-like bulletproof window. Until last week, and for almost a month, an officer from the Criminal Investigation Department had been stationed just inside the door. And in the next few weeks, the friendly portraits of the magazine's some 200 staff lining the waiting room wall are to be removed, says NEXT publisher Yeung Wai-hong. "It is too easy for the bad guys to identify our people."

Identifying the bad guys, however, has not been so easy. Violence first visited the magazine last November 17, three days after NEXT ran a cover story on an extortion ring of car jockeys run by the late triad boss, Andely Chan Yiu-hing, the so-called Tiger of Wan Chai. That day, three men walked into NEXT's offices and started destroying desks and computers with clubs, while others simultaneously attacked the Kowloon offices of Giordano, controlled by NEXT's owner Jimmy Lai Chi-ying. The next night a firebomb landed in Lai's backyard at his hillside residence overlooking the Shamshuiipo factory where he got his first job at the age of 12.

Chan's murder a few days later should have been the end of it. Instead, last month saw two more attacks when triads smashed windows and jammed locks at 23 Giordano stores and then threw red paint over signs at five more clothing outlets. Whoever is responsible, Lai hasn't blinked. "I'm not worried," he says. "I grew up with



these guys. If they want to kill you, they just do it." Anyway, he says, "you can't say anything bad about the triads—they are already bad enough."

Whoever is behind the threats, the result has been to bring Lai out of more than a year of self-imposed retirement to return to the helm of the magazine he founded in 1991. Since its inception NEXT has become one of Hong Kong's most successful and controversial magazines. In the past year circulation has increased from 130,000 to 170,000, while readership is more than four times that. The NEXT Media Group, which also owns RACING WORLD, EASY FINDER and JOB FINDER, expects to clear a profit of \$100 million in 1994-95. "Our target is to increase [NEXT's] circulation to 200,000 this year, says Lai, 45.

As well as adding to Lai's personal fortune, estimated to be as high as \$2 billion [Hong Kong dollars], NEXT, its tycoon-turned-owner and staff have emerged as lonely crusaders for freedom and individual rights at a time when most of Hong Kong's newspapers, magazines and television stations are ducking under a wave of self-censorship in the run up to 1997. "Negative sentiment is setting in," says Lai, sitting in his small cubicle at the back of a row of partitions that make up NEXT's egalitarian, open-plan office, "and people are turning chicken."

It shouldn't come as a surprise that the story of NEXT's rise to the top began on June 4, 1989. Before that, Lai said, he had tried to forget his Chinese past, pursuing a Western education and devoting his life to making Giordano one of the most successful clothing chains in Asia. (It still is, with profits expected to increase 30 percent this year.) A friend remembers Lai broke into tears when he heard the news of the Tiananmen Square massacre; the tycoon admits he was surprised by his own reaction.

That led Lai to make his now famous gesture of donating \$1 million from the proceeds of T-shirt sales to the pro-democracy movement and, later, to starting NEXT. "The idea hit me when I got involved in the movement and the media. It was a logical move." It was during this time that he met his second wife, Teresa Li Wan-kam—now pregnant with her first child and his fourth—who worked as a reporter for the SOUTH CHINA MORNING POST and came to interview him. They married in July 1992. Another driving force was his "complex" that he had no formal schooling beyond the age of seven. "That complex has been very influential in my life. The business of supplying education to readers, when I didn't have one, was a challenge," he says.

"I remember during a vacation to Paris in September 1989 I started collecting all the newspapers and magazines to see what was good and bad," Lai says. He did the same thing when he returned to Hong Kong, where he noticed a plethora of small circulation titles. "I knew we had to combine niches to create a scale big enough to attract more than a few thousand readers." That led to

the idea of using entertainment news and celebrity profiles to attract readers who might then be enticed to read hard-hitting political stories. Rather than put the two together—which he said would have been like "putting a man in a dress"—he decided to sell two magazines, one inside the other, and allow news vendors to choose which cover to promote.

"It was logical," he says. "Two covers allow you to cover your ass on both sides, if one of them is a flop."

The idea was a huge success—so much so that the magazine cleared a profit in its second year. But in the same way that retailers were quick to copy Giordano's American leisure clothes, the news stands were suddenly full of publications using the NEXT formula of double or even triple covers. Among them was EASTWEEK, which the Oriental Press Group brought on line in 1992 with the same layout and anti-communist message. It has since become NEXT's toughest competitor. EASTWEEK claims a circulation of about 150,000 readers, although Survey Research, Hong Kong's Media Index, puts its total readership at 454,000 against NEXT's 842,000. "The format has been overused," Lai says. "Quantity doesn't make quality."

The subject of quality in the face of increasing competition has been the cause of heated debates inside NEXT, specifically the degree to which sex should be used as a lure. "Our readers are attracted to three types of stories," says Lai Ting-yiu, one of three deputy editors-in-chief. "Corruption or affairs involving famous celebrities, sex and crime, particularly involving triads." One recent story followed young Chinese women who travelled to Macao on tourist visas to work as prostitutes.

But recently women reporters, who made up about 90 per cent of the staff, charged that stories involving sex, such as prostitution and karaoke girls, had been given top billing. The new priority has drawn heated criticism from the wider journalists' community. "The men are for it," says NEXT reporter Brenda Wong, who broke the Tiger of Wan Chai story, "and the women are against. We don't believe the kind of readers it attracts will support us if we get in trouble."

Lai agreed. "I stopped it. Sex only works to attract readers for so long. It's like a man who uses a woman for three weeks and then gets bored because there is nothing else in the relationship."

But it takes more than a sexy story to create the kind of reaction that NEXT has provoked, such as bringing 25 triad members into the office last year after a photo essay linked a Nathan Road triad member to a loan shark operation. Nor was it a salacious read that led some of Hong Kong's richest tycoons to yank out their advertisements after negative coverage. And neither has a sexy story been the cause of some 20 lawsuits filed against NEXT by people ranging from a triad boss (which was dropped after he was arrested) to Hong Kong's censorship board (angered by explicit photos of a plastic

surgeon who had allegedly caused serious injuries to his patients). The latest suit is by China Youth Development Foundation, a mainland charity organisation. But so far NEXT hasn't lost a case and doesn't plan to back off from this one. "We're going to fight it," deputy editor-in-chief Lai said. "And we'll win."

Not surprisingly, reporters say the only editorial line is drawn by the threat of libel. "Every story has to be based on fact," one editor says.

How much does Lai get involved in all this? "When Jimmy is not here, as during his retirement last year, he is 100 per cent hands off," publisher Yeung says. "Now he is 100 per cent hands on." Adds deputy editor Lai: "He left all his other businesses to come here and push us to do better."

According to reporters, since his return Lai shows up every Wednesday to lead the story planning meeting and again on Thursday to criticise the previous week's issue. His primary interest, reporters and editors say, is to ensure the topic is broad enough to attract a wide range of readers with enough depth and feeling to grab them.

A couple of weeks ago, for example, a reporter proposed a story on transvestites. The tycoon suggested the reporter join them in drag. "These people are living in a dark world. A light coming in from the outside is superficial. A light coming from the inside would be impressive," he said. The reporter declined. In general, reporters say, "Jimmy pushes us to the limit" but in return they are rewarded by some of the best salaries and bonuses in town. A senior editor earns \$50,000, a starting senior journalist, \$25,000. Last year, bonuses averaged about three months' salary. In addition several senior staff members, who were given a 25 per cent share in NEXT, will become multimillionaires if the magazine is listed as planned next March.

"If you do well, your remuneration is the best in town," one reporter says. "If you don't do well, you're out. That's the way it works around here."

As Lai sees it, the crusade for freedom of the press and the individual as 1997 approaches demands devotion. "This is a business of conscience and integrity," he says. "The pressure of 1997 is on everybody in Hong Kong. There is no middle way now. People have to perceive that some media is standing up for freedom."

Lai believes this is the time to push ahead rather than pull back. "We're at a crossroads now," he says. Two weeks ago he walked up to some editors and reporters and casually laid out his plan of attack. One of the reporters remembers him saying: "I've thought things through fairly clearly. NEXT MAGAZINE has only two ways to go. We have to go as far as possible in taking a stand over the next three years or we have to shut down the whole thing. In order to reduce the risk that they [the Chinese] remove me, I have to expand the readership. I'm going to start a newspaper," Lai said.

Asked about this plan, Lai says his only dilemma is whether to buy a newspaper or start one. But with three years left he doubts he can build one "powerful enough that the new government couldn't shut it down. If I bought one that is already making a profit, I can make it stronger." Does he have any papers in his sights? "I'm looking around."

If he does, the paper will likely carry forward the guiding principles of NEXT to "sell freedom"—of the marketplace, of the individual, of speech, and of the press from government intervention. And in carrying NEXT's message of anti-communism right up to 1997, Lai's staff say they are right behind him. "Everyone here is on a mission," Lai says of his troops. "About 90 per cent of my staff could be arrested after 1997."

Does he worry about them? Yes. "I worry about my staff when they're in China," he says, and advises them to avoid reporting on controversies from there. "They ask me if I'll rescue them and I tell them if I could rescue them it wouldn't be a communist system. I promise to continue to pay them while they are in jail and to do everything possible to get them out. But I don't think I could rescue them."

Ultimately, no one faces greater risks, now or then, than Lai, who still has hundreds of millions of dollars of his own money invested in Tiger Enterprises, Giordano's China retail arm. He doesn't have security guards and still drives a Honda Accord. But Lai, a British passport holder, shrugged off the possibility that he could lose his fortune. "The down side is that I might have to walk away from everything I've built over the last 30 years," he says. "The up side is that I can start all over again somewhere else. The financial risk doesn't cross my mind. I will fight to the last minute."

#### Editorial Attacks Patten on Liaison Group Work

HK2507102294 Hong Kong TA KUNG PAO in Chinese  
23 Jul 94 p 2

[Editorial: "Chris Patten Mouths High-Sounding Words Before Home Visit to Britain"]

[Text] Chris Patten left Hong Kong for a home visit to London yesterday. He said he would discuss Hong Kong issues with Prime Minister John Major and Foreign Secretary Douglas Hurd.

He mouthed some high-sounding words through the media before he left. The real message he wanted to convey was that he would remind John Major of the necessity of persuading the Chinese side to quicken the pace of work in the Sino-British Joint Liaison Group [JLG] and that he was looking forward to active cooperation between China and Britain.

This visit to London by Chris Patten is the tenth he has paid over the past two years since he assumed office as Hong Kong governor. His previous meetings with John

Major have not brought about improvements, but retrogressions in Sino-British cooperation, which has made a strong impression on people.

Now, he is paying a home visit at a time when the British cabinet is experiencing a major reshuffle and soon after Alastair Goodlad returned from China empty handed. People are wondering what influence these two events may have on the forthcoming discussions between Chris Patten and John Major on the Hong Kong issue. This will probably be a focus of attention.

A few days ago, the British cabinet started a major reshuffle. Although several principal cabinet members will keep their posts, the cabinet has experienced quite remarkable personnel changes, with eight members replaced by new faces. This is a step that has to be taken at a time when Britain is beset with difficulties both at home and abroad and is becoming more and more isolated in the world, when support for the Conservative Party has declined to its lowest level and the party has suffered bitter defeats in both local elections and elections for the European Parliament, and when John Major's position is shaky. It is generally believed that this is merely a gesture to pacify people and cannot possibly extricate John Major from his predicament.

As for Alastair Goodlad's visit to China, it is now quite clear that the British Government does not mean to give up its plans in Hong Kong and change its mind to sincerely cooperate with the Chinese Government to achieve a stable transition and smooth transfer of government in Hong Kong. In fact, the British side is trying to create a false impression to convince people of the "excellent" state of Sino-British relations. They want to convince people that despite the adoption of Chris Patten's bill by the Legislative Council, major changes in the government's operational structure, and revision of laws, Sino-British relations remain "very good." In doing so they wish to ameliorate the British Government's image at home and abroad so that they can extricate themselves from dire straits. This is another example of wishful thinking. As Alastair Goodlad came to China empty handed, of course he would return empty handed. If this visit scored any results, it is that the visit enabled people to more thoroughly understand the Chinese side's firm and unswerving attitude and stand on Hong Kong affairs. For instance, it has been asserted that Sino-British cooperation on the Hong Kong issue should be comprehensive cooperation, and it has also been reiterated that the three-tier political structure unilaterally established, laws unilaterally formulated or revised, and major changes in other areas initiated by the British Hong Kong government will all be void upon the resumption of Chinese sovereignty over Hong Kong.

If the Major administration was sensible, it would draw a lesson from this, and then correctly assess its ability, face reality squarely, act cautiously, and follow good advice. This is the correct way to extricate itself from its predicament.

However, as viewed from remarks made by Chris Patten before his present visit home, it does not seem that he wants to draw any lessons from the above two events—the major reshuffle of the British cabinet and Alastair Goodlad's empty-handed return from China. Neither does he want to prove with actual deeds that the British side wants to cooperate with the Chinese side and nurses no ulterior intentions regarding Hong Kong affairs. In fact, he is continuing to create a false impression to make a fool of Hong Kong people.

It is obvious to all that the British side is interfering with the operation of the Sino-British JLG, but Chris Patten is still asserting that he "will try to persuade the Chinese side to quicken up the JLG's working pace," with a view to shifting responsibility onto the Chinese side by playing for time.

As is known to all, the JLG has done quite a lot of work and has concluded some agreements, with the Chinese side taking the initiative. But progress is still a little slow. The blame for this should not be placed on the Chinese side but on the British. First of all, Chris Patten launched a campaign to confront China as soon as he arrived in Hong Kong. He put forth a package of "three violations" and thus destroyed the foundation for Sino-British cooperation. Second, when dealing with some important affairs that should supposedly be handled by the JLG, the British side has always taken unilateral action or decisions on their own without consulting the Chinese side first. Third, before discussing an issue, the British side makes no effort to cultivate a friendly atmosphere but disseminates views which are unfavorable to cooperation and may impede the conclusion of an agreement, or even spreads rumors.

Fourth, in the course of discussion, the British side goes back on its word from time to time, or makes requests that violate China's sovereignty, or proposes arrangements that may leave a heavy burden for the future special administrative region government. Fifth, as a rule, the two sides should strictly observe any agreement reached within the JLG. Nevertheless, the British side does not follow this rule, but persistently refuses to implement some agreements (for instance, the agreement on the court of final appeal). All of these practices by the British side have impeded the operation of the JLG. Agreement was reached on certain issues only because the Chinese side on its part did its utmost or even made some concession to remove obstacles. Therefore, if the JLG's working pace is to be speeded up, it is not the Chinese side but John Major that should be persuaded.

Perhaps some people do not quite understand why Chris Patten mouths high-sounding words and calls for "quickening" the pace at this moment. A high-ranking Hong Kong Government official hinted on this when replying to reporters' questions a few days ago. The official's remarks are enlightening indeed. He said: "The Preliminary Work Committee [PWC] urged civil servants to get

involved, and we civil servants on our part are at a loss about what to do"; "it is hoped that the Chinese side will make use of the officially approved channels (meaning the JLG), which is one effective enough to do the job"; "we really hope that the Chinese side will agree to quicken up the JLG's working pace." Oh, it is perfectly clear. In calling for "quicken up the work of the JLG," Chris Patten in fact wants to restrict the functions of the PWC, which he classifies as an unapproved and unofficial channel.

Chris Patten on the one hand wants to whip up public opinion by calling for "quicken up the JLG's working pace," with the aim of covering up his intention to interfere with the operations of the JLG. On the other hand, he wants to impede the PWC under the pretext of "quicken up the JLG's working pace." These is very smug calculation of his, a trick to kill two birds with one stone.

The JLG is a liaison organization set up between the Chinese and British Governments to discuss affairs concerning the implementation of the Joint Declaration and the smooth transfer of government in 1997, as well as other matters both sides agree to discuss, while the PWC is a legal agency set up by China to make preparations for resuming the exercise of sovereignty over Hong Kong and achieving a smooth transition. The former is to deal with affairs at the diplomatic level, and the latter is to study issues that are purely covered by China's sovereignty. Now that the British side is trying to restrain the latter with the former, its motives cannot but arouse doubts.

### Macao

#### Police Seize Forged U.S. Money; Suspect DPRK Company

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[Text] The police in Macao have got their hands on one of the biggest gangs of money counterfeiters that worked

in the territory. The police seized more than half a million dollars in false notes. The operation is being followed closely by U.S. Secret Service agents because there are strong suspicions that the money was printed in North Korea.

Seven of those alleged to be involved work for the Pyong Yang representation in Macao. Joao Guedes reports.

[Guedes] In addition to the floods usual for this time of year, Macao could also be flooded with counterfeit U.S. dollars. This is what the police suspect after having detained North Koreans living in Macao who had deposited 250,000 counterfeit U.S. dollars in the Delta Asia Bank.

Two weeks later, the police learned of another deposit of 300,000 counterfeit U.S. dollars that was made here at the Bank of China headquarters. The case has brought to Macao several agents of the U.S. Secret Service who fear that the amounts seized by the Macao police are only the tip of the iceberg and that the region has been flooded with counterfeit green notes from North Korea.

The counterfeiting is of the highest quality and can only be detected with special equipment. So far the police have arrested seven members of staff of the North Korean company Zoquang, the semi-official North Korean representation in Macao. The individuals, after going before a criminal court, were freed on bails worth 100,000 escudos. Among the detained was the director of the company.

The main person responsible for the deposits escaped capture by fleeing to China. He is said to be the man who between 15-20 July brought the counterfeit dollars to Macao. The Zoquang Company, which has several branches in Macao, has been operating in the territory since the early 1980's.



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